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TODAY: SPORTS Stars fall in Athens. Page 18.

That German Crisis: The Shadows Darken

Vast Economic Competition Is Shaking The Country's Institutions and Its Faith

By John Vinocur and John Schmid
International Herald Tribune

DUESSELDORF — If only this were a Deutsche mark crisis or a hostage crisis or an oil crisis or a missile crisis or any of the other couple of dozen basically graspable, nicely circumscribable crises Germany has had to deal with over the last 50 years.

But it isn't. This is the crisis without a name. Instead, it is the diffuse reality of a country, both its citizens and political establishment, shaken by the idea that the house rules that made Germany rich and secure after World War II may just no longer apply.

"What do I see in Germany?" President Roman Herzog asked in a major speech earlier this year. "A vast sense of discouragement is the dominating element. A crippled feeling hangs over our society.... What is it with our country? The loss of economic dynamism, the rigidity of life here, an unbelievable mental depression, those are the central elements....

"Our problem is a mental one. It isn't as if we didn't know we have to urgently modernize our economy and society. I say we don't have a problem recognizing the situation, but a problem doing something about it. There are no mitigating circumstances for the blocked modernization process in Germany. It's homemade and we can blame it on ourselves."

In fact, the postwar monuments of stability and consensus are creaking. The unions, the banks, the currency, the controlled, rule-laden, consensus capitalism that the Germans call their social market economy, government itself — all appear seriously diminished in their capacity to regulate society, sustain wide prosperity or survive intact the changes worldwide competition is imposing on Germany. The Frankfurt stock exchange leaps to unknown heights, a bright new airport is rebuilt here, labor and management cut a few contracts that herald a new suppleness and a German wins the Tour de France for the first time; nice, but for many Germans, this is the first summer when people are acknowledging that much of a half-century's granite certainties are gone.

"The durability of the system, things people never doubted before, all of a sudden look shaky, as if they had no future," said Professor Hans Ulrich Wehler of Bielefeld University, who has written on the survivability of the German model.

More so than in other European countries, the certainties, the pride in institutions that worked and a social contract that once offered good jobs, excellent salaries and extraordinary benefits provided a real sense of identity to a Germany that no longer sought it from adventure or nationalism. The loss, even in part, of these certainties is at the center of a crisis that cannot be resolved with a commando raid or market intervention.

NEWS ANALYSIS

In Germany mid-1997, it had come to this: On July 16, economists, academics and publicists gathered at the Hotel Kieler Kaufmann for an international workshop sponsored by the Kiel Institute of World Economics and the Massachusetts Institute of Technology. Their discussion topic was simply, "The Newly Declining Countries: Symptoms and Therapies." The same day, the Allensbach Institute, the country's leading polling organization, reported that a majority of Germans no longer had a positive opinion about their country's economic system, once a global example, and that their confidence in the Bundestag had fallen to the lowest point since the founding of the Federal Republic in 1949.

The outside world does not pay acute attention to the crisis because it has come in bits and pieces, a steady tap-tap rather than a rumble, and because trouble in Germany these days no longer carries the either/or possibility of cataclysm: A drift into the Soviet orbit cannot happen and a swerve toward neo-Nazi parties seems highly unlikely. The fact is, too, that some Europeans think if Germany has at least 11 percent unemployment, prices that rose faster than Italy's in June, a ranking of 25th on the World Economic Forum competitiveness list, a declining share among the world's exporters and the slowest growth among the big industrial countries, there are probably offsetting gains for everyone in new German modesty and circumspection.

Yet, in comparison with France, which in June chose a Socialist government to cushion the hard edges of change, Germany is in an essentially different position. Here, both sides of

See GERMANY, Page 9



Anja Niedringhaus/Agence France-Presse

TOO FAST TO CATCH — Maurice Greene of the United States, right, finishing ahead of Donovan Bailey of Canada, the world record-holder, to win the men's 100 meters at track and field World Championships. Page 18.

Who's to Blame for the Tigers' Woes?

Turmoil Lays Bare Some Cracks in Southeast Asian Economies

By David E. Sanger
New York Times Service

By the time they make it from the airport to the hotel, first-time visitors to the "tiger economies" of Southeast Asia almost all blurt out the same question: Where did all the money come from?

In Kuala Lumpur, the Malaysians are putting the finishing touches on the world's tallest twin towers, and the national car, the Proton, competes for space with Mercedeses on the streets below.

Bangkok, once known as the Venice of Asia for its tree-lined canals, has filled every watery centimeter with concrete to support office towers that stretch into the polluted mist. Even the Philippines, once Asia's basket case, finally has its act together.

NEWS ANALYSIS

So the financial crisis that has shaken the region in recent weeks — huge currency devaluations, the International Monetary Fund sweeping in to prop up the Philippines and virtually take over the central bank of Thailand — naturally raises the question of how much of this phenomenal growth is a chimera.

Are the tigers just large house cats? Have they caught Japan disease, letting their banks get ahead of their brains,

See TIGERS, Page 6

Railroad Mishap Slices Italy in Two

The Associated Press

ROME — Tens of thousands of passengers on trains passing through Rome on Sunday were forced to wait hours for buses to take them from one end of the city to the other after an accident cut the nation's rail heart-line in half.

Workers were trying to remove overturned train cars after a derailment Saturday at a suburban Rome station when a crane they were using toppled over, blocking the remaining few tracks for northbound and southbound routes.

"Italy's divided into two," said the anchorwoman of RAI state TV.

Eight million passengers were expected to travel on Italian railways over the weekend, when Italians traditionally leave on their August vacations.

With vacations already reducing the force of railway workers, train travel during the peak of summer became a nightmare.

The state railways mobilized buses, including 13 buses from Rome transport system, which already was on a reduced Sunday schedule and short on drivers.

"It's clear that the amount of passengers on the trains can't be handled by buses," said Giuseppe Sciarrone, a director of passenger services for the state railway.

Railroad workers were hoping to get the tracks cleared by early evening, Mr. Sciarrone said. He said that the situation should be back to normal Monday.

On Sunday, one track was freed from the overturned crane and a first train moved through the station. It was a southbound train from Turin, which started out before 10 P.M. Saturday and which should have arrived in Rome before dawn.

Israel Fears New Attacks And Deploys Police Forces

Jittery Population Stays Away From Buses and Markets

By Douglas Jehl
New York Times Service

JERUSALEM — A reinforced army of paramilitary police fanned across Israel on Sunday as the government said it had indications that Islamic militants might be planning renewed attacks to follow last week's suicide bombings in a Jerusalem market.

The huge deployment, which nearly doubled the number of heavily armed police on the streets of Jerusalem, added to a sense of unease that left Israel's buses mostly empty and its shopping centers mostly deserted of civilians as a 9 P.M. deadline set by unidentified militants who have warned of further attacks expired.

Israeli officials have said they do not know whether that warning, issued in the name of the Islamic militant group Hamas and calling for the release of Palestinian prisoners, was credible. But the chief of the Israeli police, Hafez Efetz, said the authorities had learned of "a series of details" pointing to the possibility of renewed violence.

And in a sign of the potential for retaliatory strikes, Israeli police said a 67-year-old Palestinian man was shot dead Sunday evening near the Jewish settlement of Carmel on the West Bank by attackers in a passing car. Israel's Channel Two television quoted a witness as saying that the car bore the yellow license plates issued to Israelis.

Arafat cabinet is set to quit. Page 6.

The dark mood was further underscored by a stern declaration from Prime Minister Benjamin Netanyahu, who told his cabinet during a daylong meeting that Israel would no longer honor its agreements with Yasser Arafat, the Palestinian leader, unless Mr. Arafat did more to crack down on Islamic militants in territory under Palestinian control.

Mr. Netanyahu has ordered a halt to the payment of the $25 million a month in taxes and customs fees that Israel collects for Palestinian goods. That sum accounts for more than half of the monthly Palestinian budget, and together with the rigid closure that Israel has imposed on Palestinian territories, the decision to suspend it is bound to quickly exert severe economic hardship.

In the four days since the devastating bombing prompted the harsh response, both Mr. Netanyahu and Mr. Arafat have adopted increasingly venomous language in accusing one another of bad faith, and Sunday the prime minister suggested that the consequences of the fallout could be drastic.

"If Arafat honors his commitments in the agreement, chiefly to fight terrorism, the agreement will survive," Mr. Netanyahu said of the interim peace accords that Israel first concluded with the Palestinians four years ago.

"If he doesn't, we will not keep up

See ISRAEL, Page 6

Decades of Political Stagnation Hobble Economies of Arab World

By John Lancaster
Washington Post Service

CAIRO — Three years ago, Peyton Baker moved here from Indianapolis to run El Nasr Boiler and Pressure Vessel Co., one of the first state-owned companies sold by the Egyptian government to private investors as part of an effort to build a modern, free-market economy.

Things have been difficult ever since.

Mr. Baker, who manages the vast plant on behalf of the Ohio-based Babcock & Wilcox Co. and 23 Egyptian owners, can claim some modest success: He has replaced handwritten ledgers with computers, retrained some workers in the use of high-tech welding gear and this year expects to turn a profit of about $3 million.

First of two articles

But he is not a happy manager. Problems include a bloated work force (layoffs are banned by law), frequent power failures and endless bureaucratic hassles, such as the time the police ordered him to pay a $115 fine for "crimes against humanity" — apparently because his work force lacked the requisite number of disabled people.

"I felt like I wanted to give this whole process a chance to work, that the government will take steps to make it better, and I'm just at a loss to know what will make it better," Mr. Baker said in an interview.

"Labor laws have to change, the bureaucracy has to change, the judicial system has to change."

He added: "There are a lot of things that need to go on if they're interested in getting and keeping foreign investment."

Such measures are a matter of some urgency, and not just in Egypt.

Decades of revolutionary politics, Soviet-style central planning and military confrontation with Israel have inhibited the development of modern free-market economies in much of the Arab world.

As a result, those economies have largely missed

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Dollar Just Can't Lose

Whatever Fed Decides, Currency Is Set to Gain

By Carl Gewirtz
International Herald Tribune

PARIS — The dollar is in win-win orbit, headed still higher regardless of the turbulent conditions in the U.S. bond and equity markets, analysts said.

In a week when most U.S. assets turned down as the markets closed, the dollar ended at an eight-year high against the Deutsche mark, at 1.863 DM, and at a three-month high versus the yen at, 118.39 yen.

Analysts reckon that the dollar will rise if the Federal Reserve Board raises U.S. interest rates — this is the fear that roiled equity and bond markets last week — because the income earned holding the currency will increase. And if the Fed at its Aug. 19 policy meeting leaves rates unchanged, the expected recovery in stocks and bonds should continue pulling money into those markets and, therefore, the currency.

U.S. stock prices retreated from the record high set midweek and bond prices fell, pushing yields well above the year's low, on economic data indicating a robust pick-up in third-quarter activity following the modest slowdown in the second quarter. It was the private data from purchasing managers indicating a rebound in manufacturing prices that fueled fears of Fed action.

Even without an interest rate increase by the Fed, short-term U.S. interest rates of 5 percent already stand 2 percentage points higher than in Germany and 4.5 points above the level in Japan. This, notes John Makin at Caxton Corp., a U.S. hedge fund, means that "people are being paid to own the currency of the world's healthiest economy."

The big uncertainty in the currency market is the Bundesbank, which has signaled its discomfort with a rapid depreciation of the Deutsche mark's appreciation of the dollar. The dollar rose 1.4 percent last week and is now 6.6 percent up over the past month and up 20 percent so far this year. Most analysts think that the value of the Deutsche mark — now widely seen headed over 1.90 per dollar — is less of a concern to

See DOLLAR, Page 6

Newsstand Prices

Andorra	10.00 FF	Lebanon	LL 3,000
Antilles	12.50 FF	Morocco	16 Dh
Cameroon	1,600 CFA	Qatar	10.00 QR
Egypt	£E 5.50	Réunion	12.50 FF
France	10.00 FF	Saudi Arabia	10 SR
Gabon	1,100 CFA	Senegal	1,100 CFA
Italy	2,800 Lire	Spain	225 Ptas
Ivory Coast	1,250 CFA	Tunisia	1,250 Dm
Jordan	1,250 JD	U.A.E.	10.00 Dh
Kuwait	700 Fils	U.S. Mil. (Eur.)	$1.20



Jamshid Bayrami/Agence France-Presse

IRAN SUCCESSION — Ayatollah Sayed Ali Khamenei, center, the religious leader, confirming Mohammed Khatami as president Sunday. The departing president, Hashemi Rafsanjani, looked on. Page 6.

AGENDA

Bonn Halts Contact With Bosnia Envoys

Germany on Sunday became the first government to declare a suspension of contacts with Bosnia's envoys abroad, following a recommendation by the international community's high representative in Bosnia-Herzegovina, Carlos Westendorp. He said earlier in Sarajevo that he had recommended that the Western powers suspend contacts until a law governing ambassadorial appointments was enacted in Bosnia. The factions there have not agreed on how ambassadorial posts should be divided among them. Page 5.

President of Kenya Criticizes Aid Cutoff

NAIROBI (Reuters) — President Daniel arap Moi of Kenya on Sunday criticized a decision by the International Monetary Fund to cancel a major aid package as purely political and lacking economic sense.

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The IHT on-line http://www.iht.com

Why Not? Asks Woman Seeking Kenya Presidency

By James C. McKinley Jr.
New York Times Service

NAIROBI — Charity Kaluki Ngilu will never forget the day she became a professional politician. She was washing dishes in her kitchen when she saw a group of women approaching the backdoor with leafy branches in their hands.

Most were members of a local women's association with which she had worked to build better waterworks and health clinics in the town, Kitui, about 120 kilometers (75 miles) east of here. One of the women knocked on the door. Mrs. Ngilu came out, drying her hands on an apron. The woman told her they wanted her to run for Parliament in Kenya's first multiparty elections.

"I said, 'You are joking. You are crazy, obviously.'"

That was five years ago. Mrs. Ngilu ended up beating the incumbent in an unusual grass-roots uprising against the government and since then has become an irritant to President Daniel arap Moi, upbraiding his ministers on a regular basis in Parliament for doing little or nothing for the poor, especially women.

On July 9, she took her crusade a step further. She announced that she would run for the presidency, in elections expected later this year. That made her the first woman to run for the office in a country that is, to say the least, not known for women's equality.

Her idealism may not be misplaced. Despite the long odds — Mr. Moi has been in power since 1978 — some political strategists believe she has a chance of winning if she manages to reach a one-on-one runoff election with Mr. Moi. That outcome has become possible because the field is so crowded with candidates from different ethnic groups that no one is expected to win in the first round.

Just how much Mrs. Ngilu's candidacy threatens Mr. Moi may have been demonstrated three days after she

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Dispute on Radiation Levels / **How Safe Is Reprocessing Plant in Normandy?**

Leukemia Study Alerts France to Nuclear Danger

By Craig R. Whitney
New York Times Service

BEAUMONT-HAGUE, France — Until this year, the French seemed to worry about nuclear power about as much as they worry about cholesterol.

Since the 1960s, France has shifted 82 percent of its electricity production to nuclear power, built and run a fleet of nuclear-powered submarines and maintained an independent nuclear deterrence program as fearlessly as it continued to consume Camembert and crème fraîche.

The huge and sprawling Hague nuclear fuel-reprocessing plant just up the road from here is set incongruously in an area of rocky pastures, heather and hedgerows, at the farthest point of Normandy's Cotentin Peninsula.

The installation is owned by a state-controlled company and the 6,000 employed either at the plant or by its subcontractors have been happy to have the work. The plant treats used fuel, recovering uranium and plutonium that can be used again, and making the waste easier to store.

But the plant's neighbors got bad news Jan. 11, when a report on a study by two French public health specialists was published in the prestigious British Medical Journal. The researchers, Jean-Francois Viel and Dominique Pobel of the University of Besancon, explored the possible causes of 27 cases of leukemia among local residents under age 25. The victims lived within a 32-kilometer (20-mile) radius of Beaumont between 1978 and 1993.

Closer in, within about 8 kilometers of the plant, Mr. Viel said, the study found 4 such cases, although statistical probability predicted only 1.4.

The report, which was written with the cooperation of scores of relatives, doctors and other local authorities, stirred widespread public concern, forcing the government to commission a new study. It concluded that radiation levels were well below safety guidelines.

WHAT SET OFF the anxiety was Mr. Viel's conclusion: "Our main finding was that the use of local beaches by children and mothers was associated with the development of leukemia among the children."

The resulting reaction, in the words of Beaumont's mayor, Michel Laurent, has been "a catastrophe" for the area's reputation.

Articles in the national press and television reports have depicted the peninsula as something of an atomic wasteland. The international environmentalist group Greenpeace installed a measuring device at a waste discharge site running from the reprocessing plant into the English Channel; results prompted it to sound alarms about the level of radiation. When summer arrived, campers and hikers stayed away.

The slow tourist season may also be a reflection of France's stagnant economy, but Mr. Laurent, like mayors in other cities whose livelihood depends on nuclear power, blamed outside agitators.

"We are the victims of a national disinformation campaign the likes of which have never been seen before," he fumed here, insinuating that "big oil and big gas" might be supporting the campaign.

Until his recent retirement, Mr. Laurent owed his livelihood to the nuclear fuel-reprocessing industry, like many of his fellow mayors in this remote region. In addition to the 6,000 at the plant, thousands work at a nuclear power station 16 kilometers away and at the nuclear submarine dockyards in Cherbourg, 19 kilometers east of the plant. "I was born here, but it was only the plant that allowed me to stay," Mr. Laurent said.

The reprocessing installation is part of the Cogema Group, a public company of which 86 percent is controlled by the French government.

The plant's director, Patrick Ledermann, said he was confident that the storm would pass.

"In one year," he said, "if you lived here and ate nothing but fish from local waters, you would have the same extra exposure to radiation that you would get from a single eight-hour airplane flight from Paris to New York."

After a lunch of precisely that sort of fish at the company canteen, Mr. Ledermann accompanied a group of visitors on a tour of the plant's operations.

ROBOTS do most of the work, behind concrete walls and lead-crystal windows nearly a meter (3 feet) thick. The workers who monitor them wear radiation meters and protective white smocks. The nuclear waste from plants in Japan, Switzerland, the Netherlands, Belgium and Germany, as well as France, cools first in hangar-sized rooms containing vast blue pools of distilled water. It takes years for the fuel to cool to the point where it can be reprocessed.

The 3 percent or so of the fuel that cannot be turned back into usable plutonium oxide or uranium oxide is melted into a glass substance for storage.

Accidents can happen, of course, and workers are warned to be vigilant, but nuclear accidents do not seem to be on plant managers' minds. "Seventy percent of accidents happen between work stations," a sign warns. "Take the elevator."

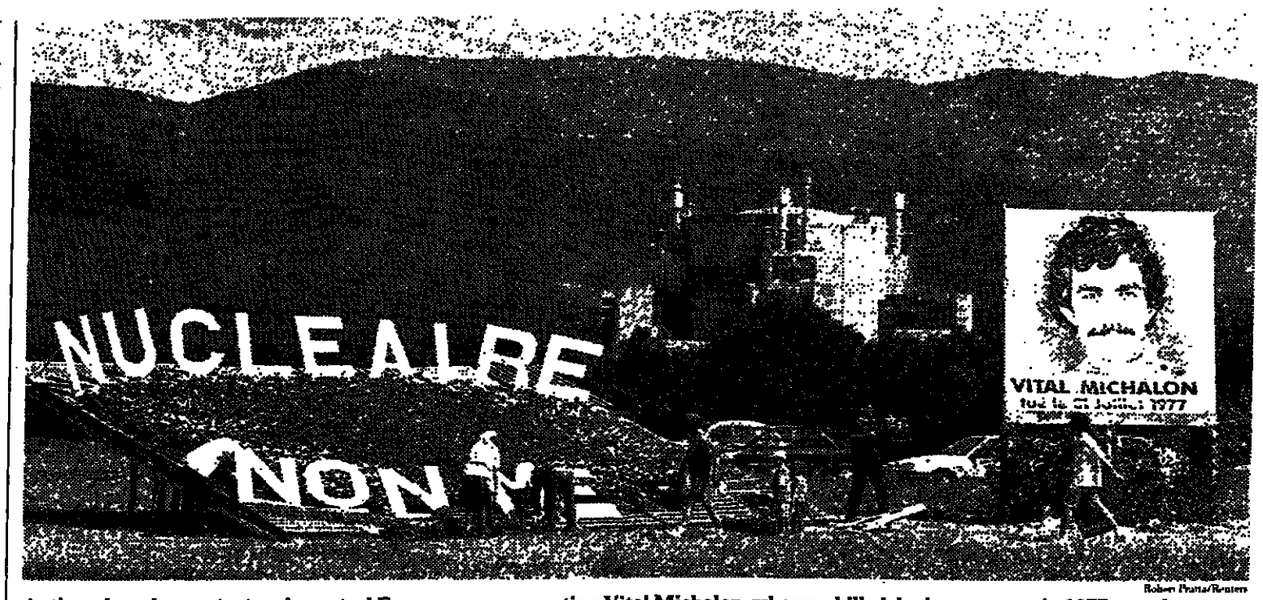
The plant's published measurements indicate that it releases much less radioactivity now than it did in 1987. "The impact of the reprocessing plant on its environment is practically nonexistent," the report on radiation levels reads.

Measurements are taken yearly from 25,000 samples of soil, beach sand, ground water, local shellfish and other marine life. The technical staff of about 25 who collect the data portray an impact far less than that of normal radiation from other sources.

Mr. Viel said in his study that some of the incidence of leukemia might have resulted from earlier, higher levels of radiation at the plant.

Nevertheless, Nathalie Geismar, who lives just east of Cherbourg with her children, 2 and 6, read about Mr. Viel's report last winter and took action. "I run a cafe-restaurant, and I live off tourism," she said, "so I'm not interested in ruining the public image of La Hague. But you can't ignore the possible danger." She collected 4,000 signatures from other worried mothers and demanded more information from Cogema.

Mr. Ledermann said there was nothing to worry about. Even the Greenpeace water samples, he said, only confirmed that the company was discharging no more radioactive material into the sea than the state allowed.



Robert Pratta/Reuters

Anti-nuclear demonstrators in central France commemorating Vital Michalon, who was killed during a protest in 1977 at a plant.

Arms Race: Is It Ahead For Latin America?

By Calvin Sims
New York Times Service

BUENOS AIRES — As the armed forces of Latin America celebrated the Clinton administration's decision to permit the sale of advanced weapons that were restricted for decades, many other government officials and military analysts expressed concern that the move could spark a regional arms race in which countries feel under pressure to buy sophisticated weapons they neither need nor can afford.

"It's a matter of keeping up with the Joneses," said a senior Argentine civilian defense official, who spoke on condition of anonymity. "If these new weapons become available and your neighbor acquires them, no one in your house is going to sleep well at night unless you get the same level of security."

Argentina initially opposed a relaxation in the U.S. ban, saying sharp budget cutbacks had reduced its ability to pay for advanced weapons. But Argentine military officials, who also spoke on condition that they not be identified, said over the weekend that the lifting of the ban, announced Friday, would only strengthen their argument that after years of reductions they need a major increase in weapons spending to remain competitive.

In Chile, Argentina's cash-rich neighbor, military officials were said to be elated over the removal of the weapons ban, especially since the decision comes at a time when the air force plans to spend $400 million this year to buy about two dozen new jet fighters.

Chile had considered buying Swedish JAS-39 Grippen and French Mirage 2000-5 fighters, but military officials there have said they would prefer the U.S.-made F-16.

Indeed, Lockheed Martin Corp., a U.S. weapons contractor that makes the F-16, had lobbied heavily for the administration to lift the ban, particularly because Chile was about to close the bidding process to supply its new fighter planes.

Although both Argentina and Brazil have reduced military spending in recent years, Raul Sohr, an independent military analyst, said from Santiago that he expected them to come up with the money for the weapons that Washington is now making available.

"The reasons for lifting this ban are purely commercial and political," Mr. Sohr said. "The United States wants the economic benefit of selling these weapons and also the political influence that goes along with servicing and supplying them."

Some experts cited Peru's recent purchase of a squadron of Russian MiG-29s at an estimated cost of $350 million as a factor in persuading the administration to lift the ban imposed by President Jimmy Carter in 1978, when many Latin American nations were under military dictatorships.

In Argentina, Horacio Jaunarena, an opposition congressman and former defense minister, said he believed selling such advanced weapons to Latin America would result in an arms buildup.

"To avoid an arms race, the effort has to come from the countries that are selling the weapons," he said. "But I understand that United States citizens are asking themselves, 'Why don't we sell arms when other countries, such as Russia, Belgium or Germany are doing it.'"

TRAVEL UPDATE

Kenyan Air Traffic Is Disrupted

NAIROBI (Reuters) — Flights were delayed or diverted Sunday from Kenya's main airports and tourists were stranded as a work slowdown by air-traffic controllers entered its second day.

Arriving flights were delayed clearance to land for several hours and some planes were diverted to neighboring Tanzania, airport officials said.

Fog Affects Travel in Indonesia

JAKARTA (AFP) — Thick smoke and haze over Pekanbaru and Riau provinces in central Sumatra disrupted air and road traffic Sunday, reports said. Meteorologists also reported heavy smoke and fog in the capitals of three provinces in Kalimantan.

The trademark lion flags have been lowered from four Ritz-Carlton hotels in New York City, Washington, Houston, and Aspen, Colorado, because of a dispute between the Ritz-Carlton Hotel Co. and the owner of the hotels. *(NYT)*

Another six climbers fell to their deaths in the Alps, hospital sources said, bringing the number of fatalities in recent weeks to 29. *(AFP)*

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Australia, Bahamas, Barbados, Burkina Faso, Canada, El Salvador, Grenada, Iceland, Ireland, Jamaica, Netherlands Antilles, Zambia.
TUESDAY: Burkina Faso, Croatia, El Salvador, Grenada.
WEDNESDAY: Bolivia, El Salvador, United Arab Emirates.
THURSDAY: Colombia, Ivory Coast.
FRIDAY: Iraq, Tanzania.
SATURDAY: Singapore, South Africa.

Sources: J.P. Morgan, Reuters, Bloomberg

Divers Will Enter Lusitania To Find if Liner Was Armed

Agence France-Presse

DUBLIN — A new probe to unlock the secrets of the Lusitania, the British ocean liner that was torpedoed off the west coast of Ireland by a German U-boat during World War I, will begin this week, the investigation's chief diver said Sunday.

The diver, Des Quigley, said his seven-man team would be visiting the wreck over a period of a week after making an initial acclimatization dive Monday on the wreck of a U-boat in shallower water.

A dispute over whether the Lusitania was equipped with 12 naval cannon as an "auxiliary cruiser," and was therefore a legitimate target, has surrounded its sinking.

More than 1,200 people died, including 128 Americans, when the Lusitania sank on May 7, 1915. The attack contributed to the United States' decision to enter the war on the side of the Allies.

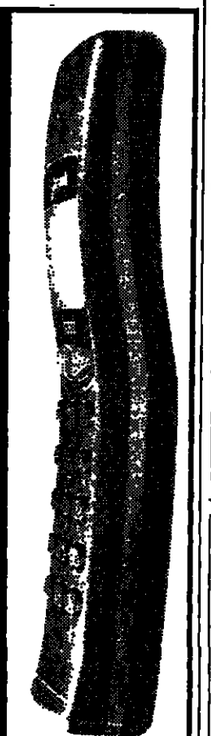
Mr. Quigley is the Irish representative of an American businessman, Gregg Bemis, who has been ruled the sole owner of the wreck in courts in the United States, Britain and Ireland.

The Irish government placed an underwater heritage order on the wreck after allegations that "pirate" divers were pillaging pieces of it.

With the dive planned for this week, Mr. Bemis wants to establish whether the liner was fitted with guns and was carrying arms and ammunition.

The divers will be able to spend only about 15 minutes on the Lusitania because it is about 100 meters (330 feet) underwater. "It is very dangerous down there," Mr. Quigley said.

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WEATHER

Europe

	Today High C/F	Today Low C/F	W	Tomorrow High C/F	Tomorrow Low C/F	W
Algarve	26/79	17/62	pc	24/75	15/59	s
Amsterdam	23/73	14/57	s	26/79	17/62	pc
Ankara	28/82	11/52	pc	28/82	11/52	pc
Athens	28/82	22/71	s	31/88	23/73	s
Barcelona	27/80	20/68	c	28/79	19/66	c
Belgrade	27/80	16/61	c	30/86	15/59	pc
Berlin	24/75	13/55	pc	28/79	17/62	pc
Brussels	24/75	16/61	pc	27/80	18/64	pc
Budapest	29/84	17/62	pc	29/84	15/59	pc
Copenhagen	23/73	14/57	pc	23/73	13/55	s
Costa Del Sol	27/80	17/62	s	27/80	18/64	s
Dublin	18/64	16/61	r	22/71	16/61	c
Edinburgh	21/70	12/53	s	22/71	14/57	pc
Florence	30/86	19/66	c	32/89	19/66	pc
Frankfurt	25/77	14/57	r	25/77	13/55	pc
Geneva	32/89	17/62	pc	31/88	16/61	c
Helsinki	23/73	15/59	r	21/70	13/55	sh
Istanbul	29/82	19/66	pc	30/86	21/70	pc
Kiev	24/75	15/59	pc	24/75	14/57	sh
Las Palmas	26/79	19/66	pc	26/77	18/64	s
Lisbon	24/75	14/57	c	22/71	13/55	s
London	22/71	12/53	c	25/77	17/62	pc
Madrid	30/86	19/66	s	32/89	16/61	pc
Mallorca	26/79	22/71	pc	26/79	22/71	sh
Milan	29/84	23/73	r	33/91	21/70	pc
Moscow	22/71	13/55	pc	24/75	14/57	pc
Munich	24/75	14/57	c	25/77	14/57	c
Nice	29/84	22/71	s	29/84	22/71	c
Oslo	23/73	14/57	pc	25/77	17/62	pc
Paris	30/86	18/64	pc	28/82	17/62	sh
Prague	27/80	13/55	c	26/79	12/53	pc
Reykjavik	14/57	13/55	sh	15/59	11/52	sh
Riga	23/73	17/62	r	24/75	18/61	c
Rome	31/88	18/64	pc	30/86	21/70	pc
St. Petersburg	24/75	17/62	pc	24/75	16/61	c
Stockholm	22/71	13/55	pc	22/71	13/55	s
Strasbourg	28/82	19/66	r	31/88	18/64	pc
Tallinn	25/77	14/57	c	23/73	14/57	pc
Tbilisi	33/91	21/70	pc	31/88	19/66	r
Venice	27/80	22/71	r	27/80	21/70	r
Vienna	28/82	17/62	pc	28/82	18/64	pc
Warsaw	24/75	13/55	sh	24/75	13/55	pc
Zurich	28/79	13/55	sh	28/82	19/64	pc

Middle East

Abu Dhabi	39/102	28/82	s	41/105	28/82	s
Beirut	25/77	18/64	s	24/75	20/68	s
Cairo	34/93	19/66	s	33/91	20/68	s
Damascus	32/89	14/57	s	32/89	14/57	s
Jerusalem	27/80	13/55	s	29/79	14/57	s
Luxor	41/106	20/68	s	43/109	21/70	s
Riyadh	43/109	27/80	s	43/109	26/79	s

Forecast for Tuesday through Thursday, as provided by AccuWeather.



Jetstream · Unseasonably Cold · Unseasonably Mild · Heavy Rain · Heavy Snow

North America
After some rain dampens the East Coast Tuesday, much cooler weather will move into the mid-Atlantic and Northeast Wednesday and Thursday. A large area of high pressure will bring sunny and mainly dry weather to the Midwest and northern Plains. Hot weather will build into the West

Europe
High pressure will provide dry and rather warm weather across much of central Europe from Germany northward into Scandinavia Tuesday through Thursday. Damp weather will affect much of Ireland including Dublin. It will be hot across the Mediterranean from eastern Spain to Rome

Asia
Typhoon Tina will move north-northwestward and will likely bring heavy rain and high winds to Okinawa during the middle of the week. Very warm to hot from Beijing to Tokyo Tuesday through Thursday with a few scattered thunderstorms. Monsoon rains will continue over India near Bombay

North America

	Today High C/F	Today Low C/F	W	Tomorrow High C/F	Tomorrow Low C/F	W
Anchorage	21/70	14/57	sh	21/70	13/55	pc
Atlanta	32/89	21/70	pc	31/88	19/66	pc
Boston	22/71	16/61	c	20/68	13/55	pc
Chicago	27/80	14/57	pc	23/73	13/55	pc
Dallas	36/97	23/73	s	34/93	22/71	pc
Denver	33/91	16/61	t	32/89	13/55	pc
Detroit	27/80	14/57	c	23/73	12/53	pc
Honolulu	29/84	25/77	pc	31/88	23/73	pc
Houston	35/95	23/73	pc	34/93	22/71	pc
Los Angeles	34/93	19/66	s	33/91	18/64	pc
Miami	33/91	26/79	pc	33/91	25/77	pc
Minneapolis	27/80	14/57	pc	25/77	14/57	pc
Montreal	21/70	11/52	pc	19/66	8/46	pc
Nassau	30/91	23/73	pc	32/89	25/77	pc
New York	27/80	19/66	sh	24/75	15/61	c
Orlando	33/91	25/77	pc	33/91	23/73	pc
Phoenix	42/107	30/86	t	42/107	29/84	pc
San Fran	23/73	14/57	s	25/77	16/61	pc
Seattle	27/80	16/61	pc	27/80	16/61	pc
Toronto	19/66	9/48	c	19/66	7/44	sh
Vancouver	23/73	15/59	pc	25/77	17/62	pc
Washington	30/86	21/70	r	26/79	18/64	c

Legend: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, i-ice, W-Weather. All maps, forecasts and data provided by AccuWeather, Inc. © 1997

Asia

	Today High C/F	Today Low C/F	W	Tomorrow High C/F	Tomorrow Low C/F	W
Almaty	28/82	16/61	c	33/91	19/64	s
Bali	31/88	21/70	pc	31/88	20/68	pc
Bangkok	31/88	24/75	r	32/89	26/79	r
Beijing	36/97	24/75	s	36/97	26/79	pc
Bombay	29/84	24/75	r	29/84	26/79	r
Calcutta	32/89	27/80	r	31/88	26/79	r
Chiang Mai	32/89	24/75	r	34/93	24/75	pc
Colombo	29/84	26/79	c	29/84	24/75	pc
Hanoi	33/91	24/75	pc	33/91	24/75	s
Ho Chi Minh	32/89	24/75	sh	32/89	24/75	r
Hong Kong	31/88	26/79	r	32/89	27/80	r
Islamabad	39/102	26/79	s	39/102	26/79	s
Jakarta	31/88	23/73	pc	31/88	23/73	pc
Karachi	33/91	26/79	s	33/91	26/79	s
K. Lumpur	32/89	23/73	pc	32/89	23/73	pc
K. Kinabalu	31/88	21/70	pc	30/86	23/73	pc
Manila	31/88	23/73	c	31/88	23/73	pc
New Delhi	36/97	27/80	pc	36/97	26/79	pc
Phnom Penh	32/89	24/75	r	32/89	24/75	r
Phuket	31/88	25/77	r	32/89	26/79	r
Rangoon	32/89	26/79	r	33/91	27/80	pc
Seoul	30/86	22/71	r	31/88	26/79	r
Shanghai	34/93	27/80	c	33/91	27/80	r
Singapore	31/88	24/75	r	30/86	24/75	r
Taipei	34/93	26/79	pc	33/91	26/79	r
Tokyo	31/88	25/77	pc	27/80	23/73	r
Vientiane	32/89	27/80	c	32/89	27/80	c

Africa

Algiers	33/91	22/71	pc	31/88	23/73	pc
Cape Town	15/59	3/37	pc	14/57	7/44	pc
Casablanca	23/73	15/59	s	22/71	16/61	s
Harare	23/73	12/53	s	24/75	12/53	s
Lagos	27/80	22/71	c	27/80	23/73	c
Nairobi	23/73	9/48	c	24/75	10/50	pc
Tunis	34/93	19/66	s	33/91	21/70	s

Latin America

Buenos Aires	11/52	2/35	pc	10/50	1/34	pc
Caracas	30/86	23/73	pc	30/86	24/75	sh
Lima	20/68	16/61	pc	20/68	17/62	pc
Mexico City	25/77	12/53	sh	23/73	13/55	c
Rio de Janeiro	29/84	23/73	r	24/75	17/62	pc
Santiago	12/53	4/39	s	15/59	6/43	s

Oceania

Auckland	9/48	5/41	c	10/50	4/39	pc
Sydney	14/57	6/46	sh	13/55	8/46	sh

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THE AMERICAS

2 Palestinians Accused in N.Y. Had an Ambition: Prosper in the U.S.

By Robert D. McFadden
New York Times Service

NEW YORK — A few years ago, they were just a couple of teen-agers in dusty Palestinian towns 50 kilometers apart in Israel's troubled West Bank. There are no indications that they knew one another. Indeed, as relatives and friends tell it, they were not much alike: one caught up in the stone-throwing crowds of the Palestinian uprising known as the *intifada*, the other an honor student never in trouble.

But Gazi Ibrahim Abu Mezer, whose stone-throwing in Hebron led once to his arrest, and Lafi Khalil, whose family lived in a quiet village called Ajoul, near Ramallah, had one thing in common, according to those who knew them then — a determination to go to the United States.

Now, as they lie wounded in a Brooklyn hospital, accused by the authorities of conspiring to terrorize New York and the nation with suicide bombings, Mr. Abu Mezer, 23, and Mr. Khalil, 22, have become the focus of a mystery: Did their paths cross halfway around the world by chance or by design? Did they come to America to seek a better life, or to slaughter for Palestinian vengeance?

Law-enforcement officials in New York admitted over the weekend that they had no evidence, only intriguing hints at best, of a connection to Hamas, the militant Islamic organization that has claimed responsibility for a string of deadly bombing attacks in Israel over the last several years, or any other radical Islamic group.

Hamas denied Saturday any connection with the two men, saying from the Gaza Strip that "Hamas has declared repeatedly and still that our struggle doesn't target anybody but the Israeli Zionist occupation, and its battlefield is only the land of Palestine."

For relatives and friends of the accused men, there was only stunned disbelief over their arrests before dawn Thursday — and a host of questions about how two quiet, polite young men who seemed to care little about religion or politics, who called home regularly to tell of girlfriends and their improving lives in America, could have become would-be killers.

"He was a balanced person who had always been friendly with everybody," Suhail Mifleh Khalil said of his nephew, Lafi. "Maybe he was blackmailed or cheated. I am in shock."

In Ajoul, the village where Lafi Khalil grew up as the son of an auto parts dealer, he was a good student, always on the honor roll, and had never been in trouble, his uncle said.

Village life there seemed to reflect the tempo of Ramallah, the nearest town, 15 kilometers (10 miles) north of Jerusalem, traditionally a quiet, relatively prosperous community where many Palestinians are Christian, where a Western lifestyle is common and where Palestinians and Jewish settlers mostly keep their distance.

In contrast, Hebron, an old town 30 kilometers south of Jerusalem, where Mr. Abu Mezer was raised, has long been a battleground of the most extreme elements of Islamic fundamentalists and Jewish settlers. During the intifada, almost every Palestinian youth in town hurled stones at Israeli troops, and Mr. Abu Mezer was among them in 1990, when he was arrested and held for a week, though not charged.

His brother, Nour, 33, a lawyer, said Gazi was the youngest of seven children in a well-educated middle-class family touched repeatedly by the Israeli-Arab conflict.

Two decades ago, he said, an auto parts store owned by an uncle was blown up by Israeli soldiers amid clashes between Palestinians and Jewish settlers, and Nour Abu Mezer was himself deported by Israel briefly for Palestinian political activities.

Gazi's only political leanings, Nour said, were for the Popular Front for the Liberation of Palestine, one of nine factions that make up the Palestine Liberation Organization of Yasser Arafat. But aside from the stone-throwing incident, he had had no serious involvement, his brother said. Another brother, Nasser, said that the whole family supported the peace treaty with Israel.

Gazi did not seem interested in religion or politics in Hebron.

"He left Hebron to get away from the suffering of the people living here," Nour Abu Mezer said. "He was looking for a good future for himself." What he and Mr. Khalil wanted, their families said, was to go to the United States.

Mr. Abu Mezer's family in Israel said that while he called home twice a month and wrote letters regularly, he never mentioned that he was living with a Palestinian.

Military Lied About Nature Of UFOs, CIA Reports

By William J. Broad
New York Times Service

NEW YORK — In the darkest days of the Cold War, the military lied to the American public about the true nature of many unidentified flying objects in an effort to hide its growing fleets of spy planes, a CIA study says.

The deceptions were made in the 1950s and 1960s amid a wave of UFO sightings that alarmed the public and some officials in Washington.

The CIA study says the air force knew that most reports by citizens and aviation experts were based on fleeting glimpses of U-2 and SR-71 spy planes, which fly extremely high. Those planes were developed in the 1950s and 1960s to photograph enemy targets. From secret bases, mainly in California and Nevada, the aircraft repeatedly flew across the country and eventually overseas to bases in countries that included Britain, West Germany and Taiwan.

While commercial airliners in the 1950s flew at altitudes of up to 30,000 feet (9,100 meters), the U-2 soared to more than 60,000 feet and the SR-71 to more than 80,000 feet, or 15 miles, nearly the edge of space.

The planes carried powerful cameras to spy on foreign military installations and sensitive electronic gear to capture radio and radar transmissions. The spy craft were developed by the intelligence agency and often flown by the air force.

Rather than acknowledging the existence of the top-secret flights or saying nothing about them publicly, the air force put out false cover stories, the CIA study says. For instance, unusual observations that were actually spy flights were attributed to atmospheric phenomena like ice crystals and temperature inversions.

"Over half of all UFO reports from the late 1950s through the 1960s were accounted for by manned reconnaissance flights" over the United States, the CIA study says. "This led the air force to make misleading and deceptive statements to the public in order to allay public fears and to protect an extraordinarily sensitive national security project."

The study, "CIA's Role in the Study of UFOs, 1947-90," was written by Gerald Haines and appears in Studies of Intelligence, a secret CIA journal. The 1997 edition, with the study on unidentified objects, can be found on the World Wide Web at: http://www.odci.gov/csi/studies/97unclas/.

"The admission of federal deception on the issue appears to be a first, according to Richard Hall, chairman of the Fund for UFO Research, a group in Washington. "I don't know of any other deception like this," he said.

POLITICAL NOTES



Mr. Lott of the Senate embracing the House speaker, Mr. Gingrich.

Praise for Lott's Style

WASHINGTON — Months before the 105th Congress convened last January, Trent Lott made a pledge to himself: He would push relentlessly for agreement with the White House to "get the balanced-budget monkey off our backs" and achieve the Republicans' long-standing goal of a big tax cut.

Rarely wavering in his steely optimism that the often sluggish Congress could do in a few months what it had failed to do in many years, Mr. Lott infused the process with a dare-not-fail sense of inevitability that helped enormously at difficult moments, colleagues said.

With enactment of the huge budget and tax packages Friday, others, principally Mr. Clinton and Mr. Gingrich, got the headlines.

But, among lawmakers, Mr. Lott, barely into his second year as Senate leader, deserves just as much credit — more in the minds of some. Some valued his steadfastness, others his deal-making skills. But there was widespread agreement last week that he combined the two in a way that worked. "He was the steady hand," said Senator Dan Coats, Republican of Indiana.

"I'm sort of like a plow horse," Mr. Lott said." *(WP)*

Congress Recesses

WASHINGTON — With the job made measurably easier by the bipartisan deal to balance the budget, Congress left town last week for a month-long recess, having initially passed a majority of the 13 spending bills that are needed to run the government.

None of the appropriations bills have reached the White House or gone through the House and the Senate negotiating process. And the eight spending bills that passed in the House and the 10 that the Senate completed put Congress on roughly the same pace as it was in the previous two years.

But in a change from the last Congress, the spending bills were advanced this year without the partisan bitterness that led to the partial shutdown of the federal government. *(NYT)*

New Quarters Afoot?

WASHINGTON — Take a good look at that quarter in your pocket. Republican leaders in Congress, ever intent on whittling Washington's power, hope to give all 50 states their first chance to redesign it.

After a year-long review of the issue, the Treasury Department said it would not block a Republican plan to allow each state to put an image of its own choosing on the back of the quarter.

The proposal, approved Friday, would introduce the first change to the nation's coins since 1979, when the Susan B. Anthony silver dollar was minted. The plan would remove the American eagle that is on one side of the quarter beginning in 1999 for 10 years, allowing five states a year — in the order that they were admitted to the union — to create their own images. The portrait of George Washington would stay. *(WP)*

Quote/Unquote

Senator Fred Thompson, Republican of Tennessee, standing by his assertion that China had an organized plan to influence the 1996 U.S. elections, but blaming the lack of proof on Beijing: "We're getting no cooperation from the government of China, so we're having to build a circumstantial evidence case." *(AP)*

Away From Politics

• **The cause of the crash of a Federal Express cargo plane** last week at Newark International Airport in New Jersey is still a mystery to investigators. The plane appeared to land normally but then bounced and flipped over. The five crew members escaped. *(NYT)*

• **The discovery in Florida of viral infections on manatees,** causing skin lesions on the sea mammals, has raised concern among specialists in Miami about a new threat to the endangered creatures. There are only about 3,000 manatees left, according to Gregory Bossart, a veterinarian and pathologist at the University of Miami. *(AP)*

• **Tighter air pollution regulations and warnings** against a new emission-control device have been issued by the Environmental Protection Agency after a series of explosions at pharmaceutical and medical supply plants killed one person and injured dozens of others. The changes are temporary pending investigations. *(WP)*

• **A former Ku Klux Klan member who renounced** a guilty plea, Arthur Haley, has been sentenced in Charleston, South Carolina, to 21 and a half years for conspiring to burn a migrant labor camp and a church that had a predominately black congregation. *(AP)*

A Vacation, but Not From Worship

Summer People Seek Spiritual Outlets; Clerical Imaginations Respond

By Gustav Niebuhr

SYRACUSE, Indiana — In striped tie and dark blazer, the Reverend Harlan Steffen looks ready for church on this steaming hot morning, but his pulpit is a motorboat, whose engine rumbles to life as he and the Reverend Dan Heincker step aboard. They cruise out across the sun-dappled waters of Lake Wawasee, casting anchor not far from the shore.

"Thank you, Lord, for the beauty of this day," Mr. Steffen prays, his voice magnified across the waters by amplifiers on a dock about 40 yards (about 35 meters) away. When he pauses, the whine of a powerboat can be heard in the distance.

Mr. Steffen is no latter-day St. Francis come to preach to the birds.

Gathered close about him and Mr. Heincker are upwards of 400 people, the pilots and passengers of a bobbing arc of 80 or more small boats. Another hundred or more people sit in lawn chairs on shore.

"Boat-in worship" the service is called, a feature of summer Sundays here. Yet it is not only the watery setting that makes it unusual, but also — given the season — the size of the gathering as well.

Summer tends to be a slack time for organized worship. As people take time off for family trips, visits to the golf links or lazy days at home, attendance at some urban congregations falls by half.

But in resort areas, the opposite holds true, as vacationers seek outlets for spiritual needs. In some places, like this 3,500-acre (1400-hectare) lake that draws tourists from Chicago and Indianapolis, enterprising clerics hold services designed for summer crowds.

Elsewhere, in more traditional settings, modest congregations that are quiet nine months a year go through a growth spurt as tourists arrive.

In the winter months at St. Elizabeth Seton Roman Catholic parish in North Falmouth, Massachusetts, "we would probably average 800 families," said the Reverend John Moore, the church's pastor. But after Memorial Day, crowds descend on Cape Cod, ratcheting up the parish's tempo.

"In July and August," Father Moore said, "I would dare say we swell to 2,400 families. We have to add two extra services every Sunday."

Seasonal crowds also swell attendance at the Hampton synagogue in Westhampton Beach on Long Island, New York. Dedicated in August 1994, with a 350-seat sanctuary, the Orthodox synagogue would draw more than 400 people to Saturday services between May and October, compared with about 40 in the winter, said Rabbi Marc Schneier, its founder.

The combination of leisure, absence of urban pressures and the appeal of the area's natural beauty tend to make people more reflective, Rabbi Schneier said, adding that he encouraged informality, with people welcome to attend in shorts if they chose.

"In the summer, in this kind of setting, there is a spiritual awakening," he said. "I always tell people that outside of Israel, this is the most beautiful place to spend the Sabbath."

In Syracuse, nestled in farm country two hours' drive east of Chicago, the tradition of waterborne worship services started modestly enough. About 25 years ago, Mr. Steffen and other local ministers, inspired by the story of Jesus preaching to crowds along the Sea of Galilee, decided to hold a dockside service on Lake Wawasee. So successful was the service that they decided to reach out to the recreational boaters who throng the lake between May and September.

These days, those involved in services sound a bit like spiritual heirs to Ralph Waldo Emerson, extolling the virtue of discovering the divine through the experience of nature — in this case the waters of northern Indiana's largest natural lake, whose shore is lined with groves of oak, maple and tulip poplars, and vacation homes.

"People just come out here and say this is the grandest cathedral that ever was," said Mr. Steffen, whose weekday work is selling real estate, but who also serves as pastor of the nondenominational Wawasee Lakeside Chapel.

Clergy members take turns with the weekly sermon, while local musicians provide music. The event lasts 30 minutes. Then volunteers take long-handled fishing nets out on a dock to collect the offering from any boater who cares to give.

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1,000 Join March In Phnom Penh

Mediators Meet With Hun Sen But Obtain No Role for Rival

Compiled by Our Staff From Dispatches

PHNOM PENH — More than 1,000 people marched Sunday through Phnom Penh, urging Cambodia's political leaders to resolve their power struggle without further violence.

The marchers — monks, nuns and laymen — were led by the country's Buddhist patriarch, Maha Ghosananda, who led prayers asking that "peace prevail in Cambodia."

Dressed in saffron and white robes, the monks and nuns clasped their hands in prayer as they wound through quiet streets closed to traffic. Many carried banners and lotus flowers.

Scores of foreign aid workers and diplomats, including the U.S. ambassador, Kenneth Quinn, took part in the march, officials said. Heavily armed police monitored the event.

Officials loyal to the second prime minister, Hun Sen, also marched, including Deputy Prime Minister Sar Kheng and the co-minister of the interior, Sar Kheng.

One of the organizers of the march, Kevin Malone, said it had been planned for late August but the date was moved forward after Mr. Hun Sen deposed the first prime minister, Prince Norodom Ranariddh, in a violent coup last month.

Regional mediators seeking a solution to the Cambodian crisis failed this weekend to obtain the return to Cambodia of Prince Ranariddh, who was abroad when the fighting began July 5.

The Association of South East Asian Nations has called on Cambodia to apply its constitution and laws and hold free and fair elections next year that are open to all participants.

Mr. Hun Sen met with an ASEAN mediation team Saturday and agreed on the need to end the conflict and hold elections. But the talks did not resolve the role for Prince Ranariddh.

The ASEAN delegation, led by Foreign Minister Ali Alatas of Indonesia, said it had raised the question of the prince's future role in Cambodian politics during nearly three hours of talks with Mr. Hun Sen.

"Of course we talked about Prince Ranariddh's role, both now and in the future elections," Mr. Alatas said. He described Mr. Hun Sen's position on the prince as equivocal.

"It was not such a straightforward position that we got," Mr. Alatas said. "It was not black or white."

But Mr. Hun Sen said the mediators had agreed that the prince should not return to Cambodia, where Mr. Hun Sen has said the prince must face criminal charges.

"Can or can't he come back? I don't know," Mr. Hun Sen said. "But on the ASEAN side, according to the Indonesian foreign minister, Ranariddh should not return at all because his return would further complicate the situation."

Mr. Alatas refused to comment further on the discussions until the ASEAN envoys could meet again with Mr. Hun Sen.

Mr. Hun Sen lashed out at the United Nations for exposing executions of his opponents. He blamed human rights investigators for creating a panic that had caused survivors to flee the country, and he called on Prince Ranariddh to immediately order a cease-fire by the remaining royalist armed forces.

Fighting in northwest Cambodia did ease Sunday, sources said, a day after Thailand allowed more than 5,000 refugees and 374 royalist soldiers to enter the country following battles between forces loyal to the rival prime ministers. *(AP, Reuters, AFP)*



Reuters Vogel/The Associated Press

Buddhist monks leading the peace march in the Cambodian capital on Sunday.

Activists in Japan Are Wary Of Tokyo-Pyongyang Talks

By Sonni Efron
Los Angeles Times Service

TOKYO — The North Korean leader Kim Jong Il appears to be desperate to improve relations with Japan. But there are obstacles — including a man named Kim Jong Il.

Born two years earlier than the North Korean leader, the other Kim Jong Il, an ethnic Korean businessman in Japan, was a true believer in and fund-raiser for North Korea until he visited the country in 1980.

"I have been asked hundreds of times to change my name," Mr. Kim said from Kobe.

Instead, he has changed his citizenship, to South Korean. And after years of fearful silence, last month Mr. Kim and 57 others broke with Chosensoren, the Japanese organization of ethnic Koreans who are pro-North Korea, publicly denouncing the Kim Jong Il government as "feudal" and repressive.

Anti-North Korean sentiment in Japan is running high. The founding of Mr. Kim's organization, Democratic Mugunghwa, brings to at least six the number of grassroots groups here demanding that North Korea democratize, demilitarize, respect human rights and free immigrants and kidnap victims who the groups contend are being held as hostages.

While Mr. Kim was testifying before Parliament last month, the Japanese Foreign Ministry was conducting secretive negotiations with North Korean officials in Beijing. In a startling turnabout, the North has promised to allow an unspecified number of Japanese women who emigrated to North Korea with their Korean husbands to return home for their first visits in more than three decades.

That about-face has prompted speculation about whether the famine-stricken North is now sincere about mending fences with Japan. Tokyo has refused to send food aid until it gets answers about the alleged abductions of up to 19 Japanese citizens by North Korean agents.

But some observers fear that a homecoming for the elderly Japanese may end up being a propaganda boon to a regime that stands accused of mistreating — and in some cases executing — some of the estimated 93,000 Japanese and Japanese-born Koreans who have emigrated to North Korea.

About 1,831 Japanese women were among those who departed for what they believed would be a "socialist paradise." Most left between 1959 and 1961, with the promise that they would be able to return for visits after three years. Some have never been heard from again.

But over the past decade, a Japanese citizens' group has found at least 538 women who are still alive.

Haruhisa Ogawa, a professor at Tokyo University and founder of another group, the Society to Help Returnees to North Korea, said the North's policy appears to be to allow a handful of the women — certainly fewer than 20 — to visit.

"They will have to say exactly what they are told to say, so this would not be a free visit," he said. "The Japanese people will not be satisfied with this."

But Tokyo officials might be, Mr. Ogawa said. "They are afraid that if the regime collapses, they'll be inundated with boats of refugees, so their basic policy is to find ways to support the government," he said.

Lee Young Hwa, a professor at Kansai University and an anti-Northern activist, said the North had privately let it be known it might be willing to return some of the abducted Japanese citizens — while claiming that it was Japanese Red Army terrorists, not North Koreans, who snatched them.

The Japanese Foreign Ministry has been silent about the talks with North Korea and has not mentioned the abduction issue. Officials from the two countries are scheduled to meet again in Beijing this month for more talks.

In China, the Poor's Dirge

Migrants Seek Work the Locals Look Down On

By Seth Faison
New York Times Service

HAIKOU, China — Over the clatter of meal-making in the outdoor food stalls that overflow with diners on a hot summer evening, Shen Ping sings with a lonely voice.

A long-faced young woman with wide eyes, Miss Shen wanders with a friend from one stall to the next through a back alley in this southern city, offering to strum her guitar for any customer willing to throw money her way.

Stopping beside a low-lying table piled high with dishes and surrounded by six men on wooden stools, Miss Shen and her partner sing a duet earnestly, if a little off-key. It is a sentimental love song, something about being far from home and not knowing a date of return, which is apt enough for the two women, since they are migrants.

Hundreds of thousands of outsiders looking for easy money have flocked to this part of Hainan Island, touted as China's Hawaii by development-hungry local officials. Most of them, like Miss Shen and her friend, Lan Feng, have to settle for something less.

Hainan rode a real-estate boom from 1990 to 1992, only to suffer badly from a crash in 1993. Thousands of half-built seaside hotels and villas lie vacant along the coast.

But people like Miss Shen still pour into Hainan because, even with a downturn, this nation's coastal areas offer more opportunity than most of the slower-growing interior.

"Mainlanders do the kind of jobs that locals would never want," Hong Yansheng, a food stall manager, said of the migrants. "A local resident would never sing for money. You lose too much face."

In many nations, immigrants often do the kind of work that native-born residents look down on. In China, migrants from other parts of the country now play that role, on an enormous scale.

More than 100 million of China's 1.2 billion people are estimated to be on the move, leaving their villages and towns to look for work. This floating population is causing an enormous but largely unmeasured social upheaval across China.

When Miss Shen, 23, left her village in Anhui province four months ago, she came to Hainan because a friend told her she could easily find a job in a hotel. But Miss Shen found that one hotel after another would offer work only in a massage parlor, which she declined to do.

Instead, she bought a guitar and teamed up with Miss Lan. They frequent the back-alley, open-air food stalls known as "big plate stations" for the variety of colorful vegetables, chicken's feet and pig livers laid out for diners to choose from.

"I get tired of the men who pinch my rear end, but I can always walk away," Miss Shen said. "It's better than working in a hotel."

Miss Shen said she made about $25 to $35 a night, or more than 10 times what she made working as a store clerk in her hometown. She sends $50 to her parents each month, but will not tell them the truth about how she earns a living.

"They would not understand," Ms. Shen said. "They think it's bad for a girl to work on the street. I tell them I am an attendant in a hotel."

At another food stall, a diner who was red-faced from beer-drinking called Miss Shen and her partner over to play. "Where are you from, little sister?" he asked, raising his glass in salute.

Miss Shen eyed him warily, and did not answer the question. Instead she asked if he had any requests.

"As you like," the man said. "Sing a beautiful one."

Miss Shen was not finished with the second bar of another love song when the man waved her off. "That's terrible!" he said loudly. "Sing another!" Letting her finish this time, the man reluctantly gave Miss Shen the equivalent of $1.25. She and Miss Lan headed for the next stall.

Landslide Survivor Thanks Australian Rescue Workers

Compiled by Our Staff From Dispatches

THREDBO, Australia — A survivor of the landslide that covered two Australian ski lodges thanked his rescuers Sunday as the exhausted search crews tunneled farther into rubble for the 10 people who were still missing.

Stuart Diver, a ski instructor who was pulled from the snow and wreckage Saturday, 64 hours after the landslide, said he felt overwhelmed.

"I'd just like to thank everyone who was involved in my rescue," he said from his hospital bed.

Mr. Diver's wife, Sally, was among the 19 other people entombed in a mass of broken concrete, twisted metal, dirt and splintered trees when a steep, heavily developed hillside at the Thredbo ski village, southwest of Sydney, suddenly gave way just before midnight Wednesday.

Mr. Diver told rescuers that he fought in vain to save his wife from drowning inside their concrete tomb. As underground water filled the cavity, Mr. Diver tried to hold his wife's head above water. But she was pinned on a mattress beside him by something heavy, and a sudden rush of water and mud ripped her from Mr. Diver's grip.

Crews dug 50-foot (15-meter) tunnels through the rubble near where they found Mr. Diver, but detected no more signs of life.

Work was suspended Sunday morning as rescue officials worried about new slides. Weather reports said the sunny conditions might change to rain, collapsing the tunnels and destabilizing the jumble of concrete slabs.

Rescuers brought in dogs Sunday to help look for more survivors. Nine bodies had already been discovered.

The police said the chances of finding another survivor were slim, but a fire fighter said it was likely that other air pockets existed, like the one that enabled Mr. Diver to survive.

"The rescue teams will not give up hope of finding other people alive until we have accounted for every single person trapped in that rubble," said the police superintendent, Charlie Sanderson.

In warmer climates, victims in collapsed buildings have survived for more than a week. But temperatures at Thredbo have plunged below freezing. *(Reuters, AP)*



Mark Smith/Reuters

Stuart Diver recovering in a hospital Sunday after being freed from the rubble.

BRIEFLY

Presidential Candidate In Korea Apologizes

SEOUL — The presidential candidate of South Korea's governing party, Lee Hoi Chang, apologized Sunday amid mounting suspicions about his sons' exemption from military service, but said they had done nothing wrong.

"I feel sorry to the nation, our army troops and their parents for causing troubles over my sons," Mr. Lee said in a televised statement.

But he denied opposition charges that his two sons deliberately lost weight to dodge military service, citing medical records showing their extreme thinness.

"My sons did not commit any wrongdoings when they were exempted from military service," he said. *(AFP)*

Taleban Reports Gains

HUSSEIN KOT, Afghanistan — A Taleban commander said Sunday that the militia's forces had captured territory from the opposition.

"We have captured some hilltops on the western side of the valley," said the commander, Maulawi Ghulam Sakhi, referring to territory just north of Kabul. "Our positions now overlook the opposition on the valley floor."

He spoke during a general stalemate between the Taleban and the opposition alliance north of Kabul. *(Reuters)*

New Attacks in China

BEIJING — A wave of attacks on policemen and their families in China's northwest Muslim autonomous region of Xinjiang has been attributed to separatist militants, according to a regional official.

Kesemu Nasser, a police officer in Yingmaili, a village in Yining district, was killed by separatist militants, said Amudun Niyaz, president of the regional parliament. The child of another policemen in the same district was "savagely attacked," Mr. Niyaz told the Xinjiang Daily newspaper.

The report did not say when the attacks took place.

Yining is where security forces clashed Feb. 5 with Uighurs, the ethnic majority of the region, leaving 10 dead, according to official count, but nearly 100 according to the separatists. Twelve persons were executed for their roles in the fighting, and the public trial of three of them in April led to further violence. *(AFP)*

Oil Spill Near Tokyo

TOKYO — About 9,500 gallons of diesel fuel oil spilled from a U.S. aircraft carrier moored near Tokyo, but the leakage was stopped and clean-up operations are underway, a U.S. Navy spokesman said.

Commander Fred Henney said the spill occurred late Friday or early Saturday at the Yokosuka base when technicians pumped the oil out in an attempt to correct a slight list in the ship.

Yokosuka, about 50 kilometers (about 30 miles) southwest of Tokyo, serves as headquarters for the navy's 7th Fleet. *(AP)*

For the Record

Hong Kong began mopping up Sunday after being struck by a typhoon, designated Victor, which left one dead, 55 injured and a trail of damage across the island. The typhoon was the first to hit Hong Kong directly in 14 years. *(AFP)*

Drought-stricken areas of North Korea received more than 100 millimeters (4 inches) of rain overnight, state media reported Sunday. The official press said recently that a heat wave afflicting the country was the worst in 61 years. *(Reuters)*

Macau's newest casino has opened for business as scheduled despite attacks from what were called crime syndicates. *(AFP)*

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EUROPE

Dublin Cools Tensions With London on Ulster

Ahern and Blair Work for Talks' Success

By James F. Clarity
New York Times Service

BELFAST — Five weeks after the election of a new government led by Prime Minister Bertie Ahern, Dublin is playing a more important and less contentious role in the effort to bring peace to Northern Ireland.

Until the changeover, following Tony Blair's election in May as prime minister of Britain, the Irish government was often in conflict with London and with leaders of the Protestant Unionist parties, which want this mostly Protestant province to remain under British control. It was also at odds with the political wing of the Irish Republican Army, the mostly Roman Catholic Sinn Fein, which wants closer links with Dublin.

Now, with a new IRA cease-fire entering its third week, formal peace talks, probably including Sinn Fein, are to resume in mid-September. The talks, aimed at ending years of sectarian violence in Northern Ireland, are cosponsored by the Irish and British governments.

Mr. Ahern and Mr. Blair are working together to ensure that the talks do not bog down over the disarming of the IRA and Protestant paramilitary groups, long a sticking point. Officials said the two men confer regularly by telephone as aides work out a format for the talks, which may have some delegates facing each other across a table, while others stay in separate rooms, kept in contact by intermediaries.

"The U.S. supports the efforts of the two governments," said Kathleen Stephens, the American consul general in Belfast, who is in contact with all sides and confers with the chairman of the peace talks, former Senator George Mitchell. "We think it's essential that they work together, and we're glad they're doing so."

The previous Irish government, led by John Bruton, often charged that Mr. Blair's predecessor, John Major, made important decisions without consulting Dublin. Rifts between the governments received generous attention in the press, and heightened tensions.

The Bruton government was also considered hostile to Sinn Fein and its leader, Gerry Adams, and at odds with David Trimble, leader of the Ulster Unionist Party, the largest Protestant group in Northern Ireland.

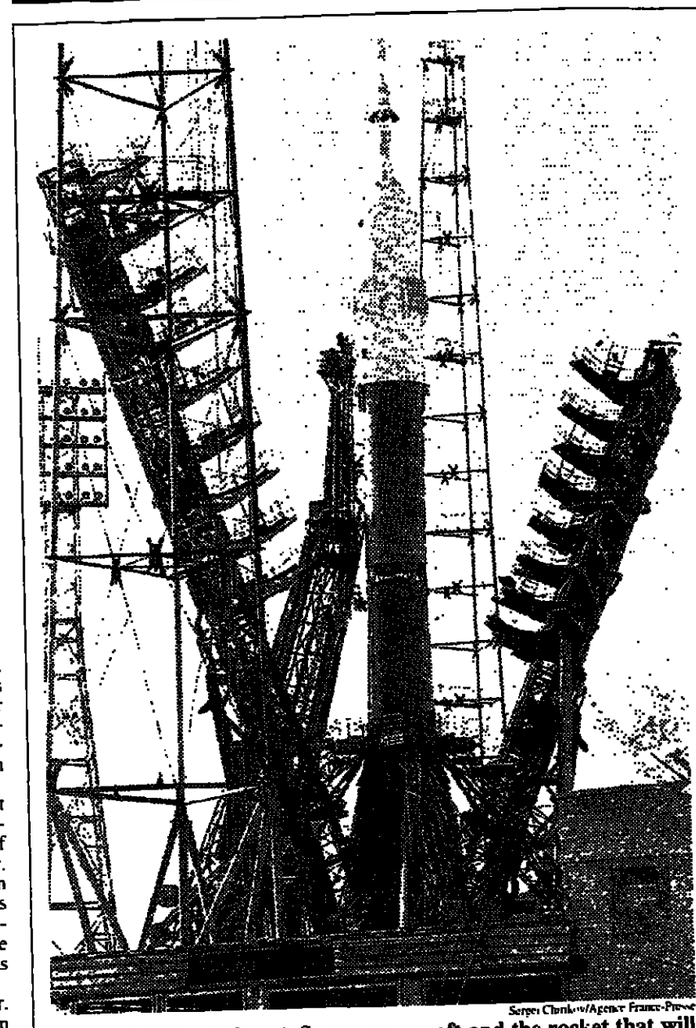
Mr. Trimble repeatedly referred to the former foreign minister of Ireland, Dick Spring, as "the most detested man in Ireland," and often refused to negotiate with him.

The new Irish prime minister, Mr. Ahern, whose Fianna Fail party has always been considered "green," or favorable to Catholic republicans, described himself during his election campaign as a defender of Catholic rights in the North.

Such statements annoyed Protestant leaders like Mr. Trimble and the Reverend Ian Paisley, the hard-line leader of the Democratic Unionist Party. But Mr. Ahern surprised many a week ago when he said he could envision Mr. Trimble as prime minister of a new provincial government in Northern Ireland, after a peace settlement is reached. The province is now ruled directly from London.

Mr. Ahern also has invited Mr. Trimble to meet with him in Dublin before peace talks resume. Mr. Trimble has said he will not go until he is sure that Ireland will insist on IRA disarmament during the negotiations.

BRIEFLY



Sergei Chimkov/Agence France-Presse

RELIEF MISSION — A Soyuz spacecraft and the rocket that will take it aloft being set up Sunday in Kazakstan, for a launching Tuesday to take a two-man crew up to repair the Mir space station.

Turkey Says EU Bid Is Not a High Priority

KAYSERI, Turkey — The Turkish foreign minister said Saturday that full membership in the European Union remained a foreign policy goal for the country but it was not a priority.

"We are trying our hardest to get results, but if we don't, this is not the end of the world," Foreign Minister Ismail Cem said in this central Anatolian city. "The EU is a goal for Turkey, we are doing our best to reach this goal. But we are not obsessed by this."

Instead, Mr. Cem said, Turkey wants to concentrate efforts on strengthening partnerships with the Turkish-speaking countries of Central Asia as well as extending the scope of an economic group initiated earlier this year to bolster cooperation among eight Muslim countries.

Turkey is now an associate member of the EU, allowing it to participate in some Union programs. It has a long-standing application to join the EU, but its economic woes and poor human-rights record stand in the way. *(AP)*

War Crimes Suspect Faces French Curb

PARIS — A French prosecutor next week will seek a travel ban on Maurice Papon, who is due to go on trial Oct. 6 on charges of wartime crimes against humanity, a lawyer for victims' families said.

Arno Klarsfeld said Saturday that he had been informed by justice authorities that the Bordeaux prosecutor would request that Mr. Papon surrender his passport and advise authorities of his movements ahead of the trial opening.

Mr. Papon, now 86, is accused of ordering the deportation of 1,560 Jews to Nazi death camps in 1942-44, when he served as wartime secretary-general of the Bordeaux region under the Vichy government.

Mr. Papon's lawyer, Jean-Marc Varaut, said that the prosecutor's move showed that the authorities had prejudged the verdict and that his client would not get a fair trial. *(Reuters)*

U.K. Foreign Chief Is Leaving His Wife

LONDON — Foreign Secretary Robin Cook has announced he is leaving his wife for his office secretary, Gaynor Regan, the tabloid News of the World reported in its Sunday edition.

The paper published Mr. Cook's confirmation of the split-up with his wife, Margaret, along with a sympathetic message from Prime Minister Tony Blair.

"I can confirm that I am leaving my wife. I want to make it clear that the responsibility for this is entirely mine," Mr. Cook was quoted by the paper as saying. *(AFP)*

Bulgarians Warned Of Tough Reforms

SOFIA — Prime Minister Ivan Kostov warned Sunday that Bulgaria faced another tough winter as the government carried out economic reforms prescribed by the International Monetary Fund.

He said his government would move quickly with major privatizations and infrastructure projects to attract foreign investment and create jobs.

"It will be difficult in Bulgaria until next spring," Mr. Kostov said on national radio. "If we manage, I expect afterwards steady revival and real development."

On July 1, Bulgaria introduced a strict monetary regime known as a currency board, banning the central bank from lending to the government or commercial banks. *(Reuters)*

Financial Float Sought for Royal Yacht

The Associated Press

LONDON — The aging royal yacht Britannia, which was to be retired at the end of the year, will be rescued if the government can find the right financing, an official said Sunday.

The 43-year-old oceangoing vessel just finished what was supposed to be its final foreign cruise, including a visit to Hong Kong for the colony's handover to China on July 1.

Peter Mandelson, a government minister, said Sunday that the government intended to save the 412-foot (123-meter) yacht and was considering a private-money option.

"I hope very much that it will be possible to do and I am quite hopeful," he said on GMTV television.

The previous Conservative government decided that the yacht, which requires a multimillion pound refit, was too expensive to maintain and decided to take it out of service.

Germany Suspends Contacts With Bosnian Envoys

Reuters

BONN — Germany on Sunday became the first government to declare a suspension of contacts with Bosnia's envoys abroad after a recommendation made by the international community's high representative in Bosnia-Herzegovina, Carlos Westendorp.

"As of yesterday, there has been an official freezing of contacts," Foreign Minister Klaus Kinkel said in a statement issued by the Foreign Ministry.

Mr. Westendorp said Saturday in Sarajevo that he had recommended to Western powers that no ambassador be treated as a legitimate representative of Bosnia until a law governing ambassadorial appointments was enacted.

The factions in Bosnia have not settled differences over how ambassadorial posts should be divided among Serbs, Croats and Muslims.

The NATO allies had threatened to impose penalties on the joint postwar government of Bosnia unless it reached agreement on that and two other key laws by Friday.

Mr. Westendorp said he had extended the deadline until Monday because progress had been made on two of the three laws, those governing passports and citizenship. But the German Foreign Ministry cited only the Friday deadline, adding that its patience had run out.

"Without any perceptible readiness by leaders in Bosnia to reach a self-supporting peace through joint efforts, all international efforts are being undermined," Mr. Kinkel's statement said. "The international community cannot allow this."

Mr. Kinkel said Serbian-controlled Bosnia was increasingly isolating itself because Radovan Karadzic, the former Bosnian Serb leader who has been indicted on war crimes charges, was still at large and exercising political control behind the scenes.

THAI Wins Award for Punctuality

STAFF WRITER

THAI Airways International (THAI) was recently awarded the 1996 "International Punctuality Award" for on-time take-offs and landings at Amsterdam's Schipol Airport.

Han Smits, President of Schip... Airport, presented the award to... THAI at the annual New Year gathering organized by Schipol Airport Management. THAI was selected from 38 intercontinental air carriers operating from Amsterdam airport as the best on-time airline of the year.

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INTERNATIONAL

U.S. Sees No Sign of Change From New Iran Leader

By Thomas W. Lippman
Washington Post Service

WASHINGTON — Mohammed Khatami, who became president of Iran on Sunday, can have a new and more cooperative relationship with the United States if he wants one, but so far there are no signs he does, senior Clinton administration officials say.

Since Mr. Khatami's election May 23, President Bill Clinton, Secretary of State Madeleine Albright and their senior aides have said that they would welcome a break in the long-standing hostility between Tehran and Washington, but that it can come about only if Iran's behavior changes.

By campaigning as a moderate on domestic social issues, Mr. Khatami won a surprising landslide victory over a rival backed by hard-line leaders of the religious establishment.

But so far, U.S. officials said, nothing in Mr. Khatami's record, and nothing he said in his campaign or after his victory has indicated he is inclined to turn Iran away from what Washington sees as an intolerable record of support for terrorism, opposition to peace with Israel and assassination of political opponents.

In the absence of concrete evidence that Iran is prepared to respond to those concerns, the officials said, there is no prospect of a change in American policy, which calls for the maximum international effort to isolate Iran and contain its ambitions in the Gulf and Central Asia.

"The choice doesn't lie with us," a senior U.S. official said. "The Iranians know what they have to do."

There is growing sentiment among academic specialists and Middle East policy analysts for a more conciliatory approach. In the U.S. Congress and among Jewish groups, however, antipathy to Iran runs deep, and any unilateral overture from the administration would attract strong opposition.

The disclosure last week that the administration had decided not to oppose construction across Iran of a pipeline that would carry natural gas from Turkmenistan to Turkey touched off speculation about such a shift. But Mrs. Albright and other officials denied that the decision signaled any reaching out to Iran.

The pipeline decision "sends exactly the wrong message at the wrong time," Senator Alfonse D'Amato, Republican of New York, and Senator Sam Brownback, Republican of Kansas, contended in a letter to Mrs. Albright. "This sends a message of weakness to Iran, and undermines the administration's arguments" to persuade European allies to join the unilateral U.S. economic embargo on Iran, they wrote.

Mr. D'Amato was the principal sponsor of a law imposing sanctions on any foreign company that invests $40 million or more over a 12-month period in the Iranian oil and gas industry, the lifeline of the Iranian economy.

U.S. officials said the proposed pipeline was probably not covered by that law because Iran would pay for the trans-Iran part of the line, but insisted that was a legal analysis, not a policy decision.

"There is no attempt here to change policy," Mrs. Albright said during her trip to Asia last week. "As the president has said and I have said, we are waiting for some actions out of the new Iranian government."

"I think everyone has been intrigued by the election of Mr. Khatami," she said, "but actions speak louder than words."

Should it turn out that Mr. Khatami does desire a thaw with the United States, the U.S. officials said, the response could be complicated by the investigation into the June 1996 bombing of a U.S. Air Force housing complex in Saudi Arabia, in which 19 Americans were killed.

If investigators find conclusive proof that Iran was behind that attack, Mr. Clinton would face strong pressure to retaliate — a development that analysts said would surely truncate any opening to Mr. Khatami. If Iran is judged responsible for the attack, Saudi Arabia and Israel have urged Mr. Clinton not to order a limited military strike against Iran, which in their view would only invite retaliation against them without intimidating Iran.

A major strike, such as bombing oil installations, also would have negative consequences, possibly including an increase in oil prices. But a failure to strike would provoke a political firestorm at home, officials said.

BRIEFLY

88 Slain in Algerian Villages

ALGIERS — In attacks bearing the hallmarks of Islamic militants, 88 people were massacred in villages south of the Algerian capital, many with their throats slit, witnesses and hospital sources said.

In Sidi el Madani, near the Blida region, 38 people were killed overnight Thursday, witnesses said.

At the same time, 48 others — including 11 children and two pregnant women — were killed in the same way in the village of Matmata, 150 kilometers (80 miles) south of the capital.

In a separate attack in the same region, the bodies of two young women were found with their throats slit after being kidnapped, a human rights worker said. *(AP)*

Secrets Inquiry Targets Patten

LONDON — British authorities are investigating allegations that Chris Patten, Hong Kong's last governor, disclosed secret documents, the government said Sunday.

"That will be done in a proper, objective and authoritative way," said Peter Mandelson, a minister without portfolio. Confirmation of the official inquiry came after a Sunday Times report that Foreign Office officials were pressing for Mr. Patten to be prosecuted under Britain's Official Secrets Act.

Mr. Patten is alleged to have leaked to Jonathan Dimbleby, a writer and broadcaster, details of a secret deal with China over Hong Kong's future. *(Reuters)*

Isle Rebels Seek French Rule

MUTSAMUDU, Comoros — Separatists on the Comorian island of Anjouan seeking a return to French rule declared independence from the Comoros federation Sunday at a rally in Mutsamudu, the main town.

A crowd of 7,000 separatists marched to the abandoned governor's palace and hoisted the flags of France and the sultans who ruled Anjouan before independence.

The separatists want a status similar to that of Mayotte, the fourth island in the Comoros chain, which as a French overseas territory enjoys the benefits of free education, health care, a minimum wage and family allowances because of revenues from Paris. Mayotte voted to stay with France in the 1974 referendum while Anjouan, Moheli and the main island in the archipelago, Grande Comoro, chose independence.

The islands lie between Madagascar and the African mainland. *(AFP)*

For the Record

Charles Taylor, a former warlord, was sworn in as Liberia's president Saturday, a position he sought for seven years on the battlefield and achieved two weeks ago when he won 75 percent of the vote in the country's first postwar election. *(AP)*

Mexican election authorities have confirmed that the ruling party candidate had won the governor's race in Campeche state, rejecting opposition parties' claims of fraud. Antonio Gonzalez Curi of the Institutional Revolutionary Party was declared the winner of the July 6 vote. *(Reuters)*

ISRAEL: *New Attacks Feared*

Continued from Page 1

our part of the bargain unequivocally," the prime minister said.

There were reports that some of the more right-wing members of the Israeli cabinet, including Rafael Eitan, the agriculture minister, had urged Mr. Netanyahu to take even harsher action by dispatching troops into the cities now under Palestinian control.

Mr. Netanyahu has warned he would consider such a step, but there has been no indication that he is preparing to take it.

His government Sunday also backed away from a threat to jam Palestinian radio broadcasts in retaliation for last week's attack, a move that officials said had proved technically and financially unfeasible.

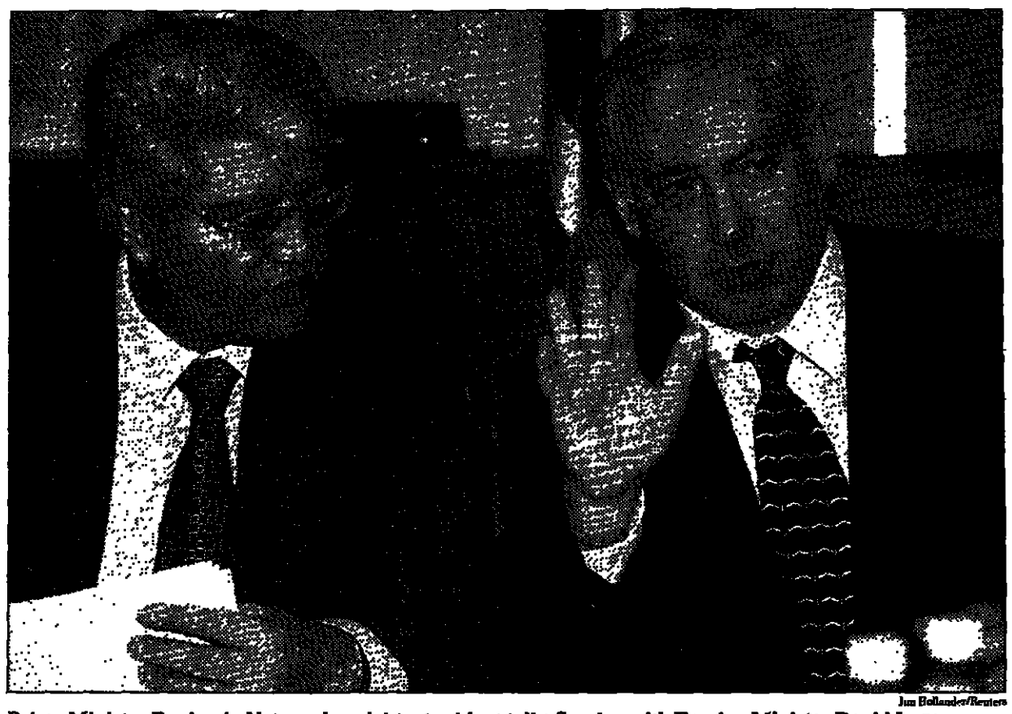
Some 15 suicide bombers have killed at least 140 people in Israel in the last three and a half years, but in contrast to nearly all of the previous attackers, the two men who blew themselves up in a crowded produce market last Wednesday have still not been identified, adding to the mystery surrounding the tragedy.

Several of the previous suicide bombers have recorded videotapes in advance of their attacks to boast of their plans to martyrdom.

Photographs of the dead men have been broadcast on Israeli television and published in the country's newspapers. But the Israeli authorities say that no one has stepped forward to identify them, and some officials suggested Sunday that they have begun to wonder whether the attackers may have traveled to Israel from another Arab country to carry out the attack.

Even though Israeli forces arrested 37 more Palestinians overnight Saturday, bringing to 117 the number of those taken into custody in connection with the attack, the police said that none of the arrests have been much more than trolling expeditions.

"In my opinion, we still don't have a lead," said Mr. Efetz, the police chief.



Jim Hollander/Reuters

Prime Minister Benjamin Netanyahu, right, at cabinet talks Sunday with Foreign Minister David Levy.

16 in Arafat's Cabinet Set to Quit Under Fire

Reuters

RAMALLAH, West Bank, — Almost all of President Yasser Arafat's 18 ministers have offered to step down after allegations by legislators of corruption and mismanagement.

Agriculture Minister Abdel Jawad Saleh said that he and all but two colleagues had made the offer at a cabinet meeting in Ramallah on Friday.

"Sixteen ministers submitted their resignation," he said.

It was not clear whether Mr. Arafat would accept the resignations. His office, in a brief statement, said that "some ministers submitted their resignations and asked President Arafat to consider these resignations at a suitable time."

Mr. Arafat indicated previously that he was prepared to reshuffle his cabinet, and he is eager to shore up his popularity amid the Israeli security clampdown on the self-rule areas.

But Transportation Minister Ali Qawasmeh said he doubted Mr. Arafat would act now. "No resignation at this time," said Mr. Qawasmeh, one of the ministers under attack from legislators. "We must be united in front of the Israeli measures"

The Palestinian legislature called Thursday on Mr. Arafat to dissolve the cabinet within a month and appoint a new team of "qualified and experienced ministers." The nonbinding motion was approved, 56 to 1, following a committee report on instances of alleged corruption and squandering of funds.

DOLLAR: *Why It Can't Lose*

Continued from Page 1

the central bank than the speed at which it moves.

With only some 20 percent of German imports billed in dollars, the risk to domestic inflation from a depreciating mark is viewed as minuscule. The real worry is the very high amount of Deutsche mark-denominated public debt in the hands of foreigners — 47 percent of tradable securities outstanding. That figure is exaggerated because a large but undefined amount is registered in Luxembourg but really belongs to tax-avoiding Germans. Nevertheless, a loss of confidence in the currency could expose Germany to a financial crisis.

The fundamental problem for the Bundesbank is that it is not evident what leverage it has over the exchange rate. The most obvious solution is to raise German interest rates. It hinted at such a possibility before starting its monthlong August vacation by announcing that its key money-market operations would be conducted at a fixed 3 percent rate for only half the month — leaving open the possibility that subsequently it would resort to a flexible rate determined by supply and demand conditions, which it can control.

But there are two problems. The German economy, which is just beginning to revive, cannot afford a rate increase and neither can France, which would be obliged to follow or risk a currency crisis.

It is also not evident that a rate rise would turn the Deutsche mark around. Analysts at German and U.S. banks are scratching their heads over where the downward pressure on the mark is coming from because, they say, there are no huge interbank positions "shorting" the mark — sales of borrowed marks betting on a depreciation.

Interbank short positions are considered significant because they are purely opportunistic bets taken not out of conviction but rather on the likely prospect of making a fast profit. As a result, interbank positions are viewed as weak and easily scared out of the market at the hint of a policy change that could turn profits to losses. Without such large positions, analysts question how a token increase in German interest rates could generate a bandwagon rush into the mark that would have any lasting impact on the exchange rate.

This leaves the possibility of intervention, but the Bundesbank has always derided central bank sales of currency as ineffective when trying to change the direction of movement in the absence of accompanying policy changes.

Analysts concur, saying it would simply be a buying opportunity. "The market is not aggressively overweight" in the dollar, one analyst said. "There are lots of players who doubted the dollar could move so fast, who would like nothing more than for the Bundesbank to sell the dollar to drive it lower — giving those who missed the boat an opportunity to climb on board at a cheaper rate."

ARABS: *Caught in a Time Warp, a Culture Cut Off From the Forces Shaping the Post-Cold War World*

Continued from Page 1

out on the bonanza of "globalization," the worldwide integration of market-oriented economies that is generating unprecedented — if unevenly distributed — wealth from Asia to Latin America to the formerly communist countries of Eastern Europe.

In the political realm, too, the Arab world has lagged behind other developing regions, where democracy has often followed economic reform. With their monarchs, military strongmen and backward, state-owned industries, the Arab countries seem caught in a time warp, cut off from the forces of democracy and free markets that are shaping much of the post-Cold War world.

In Egypt and a handful of other Arab countries, authoritarian leaders have belatedly woken up to the need to participate in globalization, and have created programs to make their economies more hospitable to private investment.

A few have even begun to respond, albeit grudgingly, to growing public pressure for accountable, representative government.

But as in the political realm, economic progress has been evolutionary at best, inhibited by Kafkaesque bureaucracy and the corruption that goes with it.

Privatization of state-owned industries is moving at a glacial pace. Trade barriers, though falling, remain high. Basic services such as telephone and electricity are still unreliable in many countries.

Arab countries, of course, have no monopoly on what Westerners see as inefficiency. But the need for reform is especially pressing in the Middle East and North Africa. From Morocco in the west to Yemen at the southern tip of the Arabian Peninsula, the strategic region is burdened with some of the fastest-growing populations and slowest-growing economies.

From 1981 to 1990, personal incomes fell by more than 2 percent a year (excluding Israel), the largest decline of any developing region, according to the World Bank, and incomes have grown only slightly. Unemployment rates are among the world's highest.

The brightest spot on the regional economic map is Israel, which has partially overcome a legacy of statist development policies to become a hub of foreign investment and high technology. With 5.5 million people, about 15 percent of them Arabs, Israel has an economy almost as large as that of its four Arab neighbors — Egypt, Syria, Jordan and Lebanon — which have a combined population of 88 million.

From the mud-brick slums of Cairo to the grim high-rise suburbs south of Beirut to the narrow alleys of the Casbah in old Algiers, the failure of secular Arab governments to create jobs has translated into widespread cynicism and despair, especially among the young.

Unemployment afflicts even the wealthy monarchies of the Gulf, beset in recent years by lower oil prices and rapid population growth.

Such dismal economic performance has undermined the legitimacy of many Arab leaders and played into the hands of Islamic extremists. Their resurgence over the last two decades remains the gravest threat to regional political stability and to Western interests in protecting oil supplies and Israel.

Why did Arab countries get off to such a late start? In some respects, the answer has to do with the comfortable economic circumstances they enjoyed in the 1970s and 1980s. High oil prices churned huge sums of money around the region. Some countries profited from their strategic importance in the Cold War, as in the case of Syria, which the Soviet Union bankrolled for standing up to Israel and the West.

As a consequence, Arab leaders had little incentive to reform their economies and make the region attractive to foreign investment. Now they are paying the price. In 1995, for example, total direct foreign investment in the Middle East and North Africa was $4 billion, compared with $65 billion in South and Southeast Asia, $27 billion in Latin America and $12 billion in Central and Eastern Europe, according to data from the United Nations.

As the World Bank's report noted, it is probably no accident that the Arab countries that have made the most progress in terms of economic reform — Jordan, Tunisia and Morocco — have few natural resources. Largely through trade liberalization and other reform measures undertaken in the 1980s, all "have experienced faster growth in incomes, exports and jobs than have other countries in the region," the bank said.

But more typically, authoritarian Arab leaders have regarded reform measures with skepticism, fearing a loss of political control. Several years ago, for example, President Hafez Assad of Syria authorized tax breaks for foreign investors. But he has balked at reopening the Damascus stock exchange, closed since 1963, or allowing private banking.

Egypt offers an ideal case study of the challenges facing Arab countries as they seek to join the global economy. The largest Arab country, with 65 million people, Egypt urgently needs to create jobs for its fast-growing population. First, however, it must jettison the same historical baggage — massive state-owned industries, bloated and corrupt bureaucracy, burdensome and arbitrary regulations — that has inhibited growth in the region.

As elsewhere in the Arab world, the military officers who overthrew the Egyptian monarchy in 1952 followed a socialist development model, nationalizing private companies and pouring resources into massive steel factories and cement plants.

The failures of that strategy have long been apparent. President Anwar Sadat began to open the country to foreign investment and trade a few years before his assassination by Islamic extremists in 1981.

But the effort did not begin in earnest until 1991, when President Hosni Mubarak agreed to an ambitious reform program under the auspices of the World Bank and the International Monetary Fund.

By statistical measures, initial results are impressive. Inflation is down to 6.2 percent, the budget deficit has shrunk to less than 1 percent of gross domestic product and cash reserves have swelled to $20 billion from $4 billion — among the highest in the developing world, according to Arvind Subramanian, the IMF's representative in Cairo.

Standard & Poor's recently recognized Egypt's progress with an investment-grade bond rating.

"There is this Egyptian dream," said Sherif Nasr, vice president for marketing at McDonald's Egyptian franchise, which has opened 18 restaurants since 1995 and plans to add to that number, two a month.

With a per capita income of about $1,000 — the equivalent of $3,800, adjusted for purchasing power, roughly on a par with Peru — Egypt is still a poor country. Egypt needs to generate about 600,000 new jobs a year over the next decade.

Tomorrow: The struggle with politics.

TIGERS: *Turmoil Bares Cracks in Southeast Asian Economies*

Continued from Page 1

lending money with abandon for multibillion-dollar projects no one needed?

And what about the conspiracy theories of Prime Minister Mahathir bin Mohamad of Malaysia, who charges that speculators like George Soros used their market prowess to undermine Southeast Asia's currencies? His complaint that Malaysia's decades of hard work were unraveled by mysterious foreign forces in "a period of weeks" prompted the U.S. secretary of state, Madeleine Albright, in Kuala Lumpur last week for an annual meeting of the region's leaders, to ridicule the whole notion publicly.

"There is a search on for scapegoats," said Clyde Prestowitz, a trade expert who served on a U.S. presidential commission appointed last year to come up with a new strategy for dealing with the region.

"They were used to being the world's economic hothouse," he said, "and it's a bit of a shock when an Arctic breeze flows through the door."

For all of Mr. Mahathir's complaining, his country is likely to post better than 8 percent growth this year and next — while the quite healthy U.S. economy, by comparison, has managed a little more than 3 percent this year.

But there are some cracks in Southeast Asia's economic infrastructure. Thailand, for example, launched its own satellites, published five-year plans, built car plants faster than it built highways and became the darling of mutual fund managers around the world. Most of its megaprojects were financed with foreign money, much of it Japanese, a river of cash so wide and so deep that it covered up economic strains. What was missing was discipline on the part of the country's politicians and financial managers. Prestige or under-the-table money governed decisions to invest in major projects, many of which added little to the nation's competitive power.

Banks lent money on the assumption that land would only grow scarcer — offering rationales about why they were not headed down the path of the Japanese, who made the same flawed assumption in the late 1980s and early '90s, when the land under the Imperial Palace in Tokyo was said to be worth more than the state of Florida. When investors don't blink at such comparisons, something is wrong.

In Thailand, they blinked. Speculators realized Thailand's policy of linking its currency to the dollar and the yen was unsustainable unless the country could improve productivity, lower wages and rein in the banks and the corruption. They started selling Thai baht, and the government spent billions trying to fend off the attacks. Eventually the dam broke. The Thais dismissed their central bankers and, in desperation, turned to the IMF, which has been given new authority — and a special fund — to solve such problems since Mexico's similar crisis in 1994. Like the Mexicans, they are being made an offer they can't refuse: They must cut their deficits, stop borrowing, clean up the banks and reveal to the world what the country's finances really look like. So did the speculators cause this problem, or just exacerbate it?

"In almost every case," said the deputy secretary of the U.S. Treasury, Lawrence Summers, who designed the Mexican bailout, "major financial disturbances almost always have deeper causes than a few speculators. And it's important to remember that you can't attack 'speculation' without also undermining the flow of capital that can finance productive investment."

In fact, neither the Thais nor Mr. Mahathir were complaining about the cruelties of global capital markets when investors were pouring $60 billion to $70 billion a year into East Asia.

One reason Southeast Asian exports have slowed is that the Chinese are getting better at producing the same products at far lower costs.

"It's the same phenomenon we saw in Korea," the former South Korean foreign minister, Han Sung Joo, said in Washington last week. South Korea benefited greatly from a flood of investment in the 1980s. But a run-up in wages eventually sent investors fleeing to Southeast Asia. Now the process is speeding up. Before the Thais had a chance to fully exploit the benefits of being a tiger, the investment money is beginning to hit the road.

"The problem in Southeast Asia," said Mr. Han, "is that there is still a big gulf between the rich in the cities and the poor. The money went into the fancy hotels before it went into the factories."

KENYA: *A Woman President?*

Continued from Page 1

declared her intentions, when she was attacked by thugs with machetes after speaking at a rally in her home district. The government denies that its agents orchestrated the attack, but Mrs. Ngilu, who was wounded, charges that the assailants were from the youth wing of the governing party, the Kenya African National Union.

"These are government people," she said. "Because after that I received a threatening telephone call. The man said, 'So, you are still running for this after what happened on Saturday?' "

Mrs. Ngilu, 45, said her father, a strong-willed minister in the Ebenezer Gospel Church, taught her to stand up for her beliefs. She grew up without the finer things in life, the ninth of 13 children in her family. But school in those days before independence in 1963 was free. She received a good education, became a secretary and then got a job at the Central Bank.

In her 20s, she married Michael Ngilu, an electrical engineer in Nairobi. He paid for her to go to college, where she studied business administration. After graduation, she started a bakery and a plumbing-supply company, both of which became successful. Along the way, she raised three children.

As she prospered, however, Mrs. Ngilu became disturbed by living conditions in her home district, Kitui, which the small Akamba tribe calls home. She became involved in community projects to improve things.

She raised money to build wells and water-supply systems, so women would not have to carry water for kilometers to their homes. She also helped to build health clinics because she was shocked that people were dying of treatable diseases while politicians were spending large sums on the trappings of power.

It was this outrage at the indignities of poverty that led her to agree to run for office in 1992, she says, and the same anger is motivating her present race.

"I had to carry water on my back, and my daughter will have to do the same," she said. "The poverty goes in a vicious cycle. I can speak with authority and say that I know that should not happen today in our country."

هكذا من الأصل

INTERNATIONAL

William Burroughs, Beatnik Founder and Writer, Dies

By Tony Perry
Los Angeles Times Service

William Burroughs, 83, whose ragged *experimental* prose made him a seminal figure of the Beat Generation literary movement in the 1950s and later a guru to the hippie and punk rock movements, died Saturday in Lawrence, Kansas, about 24 hours after he had a heart attack.

Although he was in failing health, Mr. Burroughs recently performed in a video with the rock band U2 and read from his work to musical settings by the rap group Disposable Heroes of Hiphoprisy.

He had also been working on a new edition of his selected works.

With Allen Ginsberg and Jack Kerouac, Mr. Burroughs helped found the Beat Generation and to focus its writings on frank descriptions of drug addiction, sexual excess and petty criminality.

The three shared an apartment in New York in 1945, with Mr. Burroughs, the eldest of the three, acting the role of literary inspiration and guide to the city's lowlife haunts.

"Burroughs had conducted lay analytical sessions with his junior partners and had introduced them to the *esoteric in literature and the* exotic in street life," wrote Oliver Harris, in the introduction to his collection of Mr. Burroughs's letters.

Although the three never again lived in proximity — Mr. Burroughs kept moving from country to country, scandal to scandal — the three kept in constant contact throughout their lives.

Mr. Ginsberg was blunt in assessing Mr. Burroughs's *impact on his writing.*

"He showed me the world," he said not long before his recent death.

Mr. Burroughs was born in St. Louis, the grandson and namesake of the inventor of the adding *machine, and* graduated from Harvard in 1936.

But he turned his back on a *life of privilege* and respectability to sample drugs and to indulge in largely self-destructive behavior.

His best known work, "Naked Lunch," published in 1959, is a torrent of sexual and psychedelic images.

Much of the book is written in a stream-of-consciousness style, and the prose is meant to repel, even nauseate, the reader with descriptions of bodily functions, sex acts and grotesque medical procedures.

Its reception was mixed at first although it is now considered a classic.

Norman Mailer has praised "Naked Lunch" as a daring assault on conformity and the *growing dehumanization of* America. Others found it to be gibberish masquerading as social commentary.

The book was the object of a landmark obscenity trial before it was published in the United States in 1962.

Mr. Burroughs's heroin addiction, irascible personality and latent homosexuality contributed to an emotional turmoil for which constant movement seemed to bring only temporary relief. He lived in Texas, New Orleans, Mexico City, South America, Morocco, Paris and London.

It was in Mexico City that he was involved in an incident that became the core of the Burroughs myth as the prototypical hard-drinking, firearm-loving writer always living on the edge of madness and murder.

After a day of drinking and drugs, he accidentally shot and killed Joan Vollmer, his second wife.

The circumstances of the killing were never fully investigated, and Mr. Burroughs fled Mexico City rather than stand trial.

One story had it that he had *been re-enacting the William* Tell tale when he tried to shoot a glass off Ms. Vollmer's head and instead *drilled her in the forehead.*

Her death and the death in 1981 of their son, Bill Jr., of cirrhosis of the liver due to drinking and drug use, were said to have contributed to Mr. Burroughs's sometimes unstable mental condition in latter decades.

"The death of Joan brought me in contact with the invader, the Ugly Spirit," he once said, "and maneuvered me into a lifelong struggle in which I had had no *choice except to write my* way out."

In some of his books he used a jumbled style called cut-ups, with quotations and anecdotes seemingly pieced together randomly.

This technique was used more prominently in "The Soft Machine" (1961), "The Ticket That Exploded" (1962) and "Nova Express" (1964.)

His life sometimes seemed similarly jumbled. In his "With William Burroughs: A Report From the Bunker," Victor Bockris found that Mr. Burroughs, during his stay in New York City in the 1970s, lived an odd lifestyle akin to that of Elvis Presley: fearful of leaving his home and surrounded by young men catering to his whims.

When he ventured out, he was always armed with tear gas, according to the book.

In 1981 he *moved to* Lawrence, at the suggestion of James Brauerholz, who became his secretary and encouraged *him to do readings in* the United States and Europe.

With the resurgence of the Beat Generation writers in the 1980s, Mr. Burroughs became popular with a new generation.

Musicians such as David Bowie, Lou Reed and Patti Smith cited him as an important influence. Mr. Burroughs also hung out with the Rolling Stones.

After he moved to Kansas, he wrote screenplays, appeared *in movies (including* "Twister") and wrote the text of a comic opera.



William Burroughs reading some of his work in 1990.

Fela, Pioneer of 'Afrobeat,' Dies at 58

Compiled from Our Staff From Dispatches

LAGOS — Fela Anikulapo-Kuti, 58, *one of Africa's best known pop music* stars and a persistent critic of Nigeria's military regime, died Saturday.

The singer's death was announced by his brother, Olikoye Ransome-Kuti, who said a news conference, "The immediate cause of the death of Fela was heart failure, but there were many complications arising from the acquired immuno-deficiency syndrome."

Known to his legions of fans by his first name, Fela was one of the dominant superstars of African music in the 1970s and 1980s. He was nicknamed the Black President, and was a pioneer in fusing rock with African rhythms into a blend *known as* "Afrobeat."

He also was known for his songs criticizing the military junta of General Sani Abacha, as well as earlier military regimes in West Africa's most populous nation.

A saxophone player who admired the great jazz player Charlie Parker, Fela was born in 1938 in Abeokuta, about 80 kilometers (50 miles) north of Lagos. He started out as a jazz musician, but shifted *toward pop and reggae while studying* music at Trinity College of Music in Oxford, England, from 1959 to 1962.

Returning to Nigeria, he became a big star by the early 1970s. His top albums included "Zombie" and "Suffering and Smiling." He became enmeshed in a long-running confrontation with the military authorities.

His house was set afire in 1977, he served numerous stints in prison and in March 1996 his home was attacked by gunmen.

His most recent arrest was April 9. He and about 100 members of his entourage — including several of his 27 wives — *were detained for marijuana use by police* drug agents who raided his nightclub north of Lagos. *(AP, Reuters)*

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Clean Up This System

The exploits of indefatigable Clinton bag man Charlie Trie produced the hit of the week at last week's Senate Governmental Affairs Committee hearings on campaign finance.

Mr. Trie in early 1996 temporarily shifted his attention from the president's re-election campaign to his legal defense fund. He showed up once with a brown envelope containing $460,000 in $1,000 contributions, some on sequentially numbered money orders made out in different names but the same handwriting. Fund officials, who say they had never heard of Mr. Trie, were trying to figure out what to do about that when, lo, he showed up a second time a month later. This time he was carrying a shopping bag. Michael Cardozo, executive director of the defense fund, remembers being less than overjoyed. "I said to myself, 'My God, he's got a million dollars this time,' " Mr. Cardozo testified.

Mr. Trie has left the country — he is in China — and has declined thus far to testify before the committee. But the hearings, now adjourned until September, provided a pretty good outline if not a full picture of his operation. Clearly one of the services he performed was to launder illegal but early sought-after contributions from abroad. The hearings offered these glimpses:

• Mr. Cardozo testified that at one point he met at the White House with Hillary Clinton and deputy chief of staff and de facto campaign director Harold Ickes. He told them about the suspect contributions from Mr. Trie. Mrs. Clinton, he said, told him in turn that the fund should vet all contributions carefully. But apparently nothing was done, then or later, to vet the large amounts of money that Mr. Trie was simultaneously funneling through the Democratic National Committee to the campaign.

• An FBI agent testified that in the period 1994 to 1996 Mr. Trie received more than $900,000 in wire transfers from an Asian businessman, Ng Lap Seng. Mr. Ng, who is based in Macao, is said to be a sometime business partner of Mr. Trie's. There appeared to be a correlation between the wire transfers and transfers of money by Mr. Trie in turn to the DNC.

• Only after the hearings with regard to Mr. Ng were over did the White House disclose, in response to a long-standing committee inquiry, that Mr. Ng had visited the White House 12 times during the relevant period. Most of the visits, the White House said, were social calls on former White House aide Mark Middleton, an Arkansan who now has business dealings in Asia. Three others were described as White House tours, and once Mr. Ng attended a dinner for campaign contributors as Mr. Trie's guest. The committee felt used by the White House, in that the news of the visits came only after the hearings had ended. Democratic senators joined Republicans in voting unanimously on Friday to compel production of documents on time, by subpoena, in the future.

• Mr. Trie's role as a conduit for campaign contributions seems to have been well known. An agricultural cooperative in Thailand wired him $100,000 a couple of weeks before two of its executives were to meet the president at a White House coffee. At least half the money was converted to cash shortly afterward; what happened to it next is unclear. The coffee was arranged by DNC fund-raiser John Huang and a businesswoman, Pauline Kanchanalak, who was the co-op's U.S. representative and herself a major Clinton campaign contributor. Some if not all of her contributions have been returned by the DNC because of questions about their source.

Before Congress left town last week, the principal Senate sponsors of a campaign finance reform bill warned that if the Republican leadership continued to refuse to give the bill floor time, they would start in September to tie up the Senate and force consideration by offering it as an amendment to other legislation. The president, whose own abuses of the campaign finance law are part of the rationale for the legislation, joined them in the call. Once again he converts his own record of misconduct into an agenda.

It is time, past time, that Congress began to clean up this system that has been so cynically exploited by all, and in particular by this White House. The ease with which money flows now into campaigns — the ways in which candidates have come to slurp up every bit they can, from whatever source, no questions asked and obvious implications ignored — needs no additional documentation. The Trie hearings are a vivid example, but only the latest in a long string.

— THE WASHINGTON POST.

More Swiss Fumbling

Recent disclosures by Swiss banks suggest that their evasive handling of wartime Jewish accounts has not ended. If anything, the banks have again proved themselves incapable of determining whether they looted deposits made by Jews who were later killed in the Holocaust. That makes it all the more important that the independent investigation now promised proceed without delay.

The clearest sign of continued bungling by the banks was the publication last month of a list of some 2,000 dormant World War II-era accounts opened by non-Swiss depositors. While it was heartening to see the Swiss Bankers Association finally disclosing the identity of some account holders and establishing a procedure to settle claims, the list was almost certainly incomplete. Only last fall the banks asserted that there were fewer than 800 such accounts. The actual number is likely much higher than 2,000.

A check quickly showed that along with Jewish account holders who might have died in the Holocaust the list included an assortment of other Europeans, some associated with the Nazis. It turned out that many relatives of deceased Jewish depositors could have easily been located by the banks years ago, including Madeleine Kunin, the U.S. ambassador to Switzerland. Her mother, Renee May, was on the list.

That embarrassment was followed last week by word that bank records shredded earlier this year involved the sale of Jewish property in Berlin in the Nazi period. The shredding by the Union Bank of Switzerland was stopped by a security guard who feared that records of Holocaust victims might be destroyed. His vigilant act has been rewarded in Switzerland with a threat of prosecution for stealing bank documents. The guard, Christoph Meili, now lives in the United States, where Congress and President Bill Clinton have appropriately granted him permanent residency.

With the banks still in a state of denial about their history, it is crucial that an unfettered inquiry be conducted by the international commission that was established to look for dormant Jewish accounts. Paul Volcker, the former Federal Reserve Board chairman who heads the inquiry, worries that scheduled audits of bank records could be complicated by a class-action suit filed in Brooklyn on behalf of Jews who claim that Swiss banks are holding the assets of Holocaust victims. The discovery phase of the litigation, if concurrent with the audits, could make the bankers reluctant to cooperate with Mr. Volcker. The suit is justified but should await completion of the commission's work.

Since many of the Jews with a direct interest in these matters are elderly, the Volcker commission ought to act as quickly as possible. At this point, the commission offers the best hope of determining what happened to the assets of Jews who mistakenly placed their money and their trust in Swiss banks as the Nazi terror engulfed Europe.

— THE NEW YORK TIMES.

Other Comment

The Arab Political Impasse

Arab politics are characterized by a struggle between the Islamists and secular, democratic-minded modernists. Between them are the regimes, making concessions now to one, now to the other side in order to maintain at least a semblance of legitimacy. At times that balancing act borders on absurdity, as in Algeria, where the constitution proclaims Islam to be the state religion, while at the same time forbidding parties to be based on Islam. Given that the Koran remains a comprehensive frame of reference for the Arabs, liberal-democratic ideas will not make much headway in the Arab world until those who advocate a critical interpretation of it are no longer persecuted.

— Neue Zürcher Zeitung (Zurich).

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An Urgent U.S.-Russian Plutonium Agenda

By Glenn T. Seaborg

WASHINGTON — The U.S. Department of Energy is designing a program that could help eliminate the most serious nuclear threat since the end of the Cold War: the vast quantities of surplus plutonium accumulating as Russia and the United States dismantle thousands of nuclear weapons.

A committee of the National Academy of Sciences rightly described the existence of this material as "a clear and present danger to national and international security." As long as the plutonium remains in storage in its current form, the risk of theft or reassembly into weapons is unacceptably high.

To reduce this danger, the department must not just manage and dispose of the U.S. plutonium safely; it must present a model that Russia will follow. The U.S. program must be prompt, predictable, careful to avoid unnecessary controversy or delay, and focused tightly on the goal of national security.

The material is currently stored as plutonium "pits" — in the United States, largely at the Pantex facility near Amarillo, Texas.

Earlier this year the Energy Department announced a sound framework for plutonium disposition. Most of the separated plutonium will be converted into an oxidized powder form and mixed with low-enriched uranium oxide. The mixed oxide ("MOX") will be "burned" as fuel in nuclear power plants. This is the approach the Russians will use — but only if we do the same.

This is a highly effective process for disabling plutonium. Part of the plutonium is destroyed. The remainder will be as safe from diversion or misuse as the spent fuel that now comes from nuclear plants. Like conventional spent fuel, the used MOX fuel will ultimately be shipped to a disposal facility operated by the Energy Department.

The other surplus U.S. weapons plutonium — residues and other material that cannot be readily transformed into quality oxide — will be immobilized in a glass or ceramic material and mixed with radioactive fission products, and also will be deposited in a disposal facility.

It is extremely important that the United States pursue both these paths. Russia is committed to using its plutonium as fuel in nuclear power plants. But Russian leaders have made clear that they are not willing to destroy their plutonium in reactors unless the United States does the same.

If America simply immobilizes its plutonium in glass or ceramic, the Russians believe that it could retrieve plutonium and return to the mass production of nuclear weapons much faster than they could. If America does not "burn" much of its plutonium in reactors, neither will they.

As a result, their vast quantities of weapons plutonium will simply be stored as weapons-usable material — representing a constant, massive threat to international security.

I was a co-discoverer of plutonium in 1941 at Berkeley. I have always felt a parental pride in its potential for good — its ability to provide the world a clean energy source virtually forever. But I am fully aware of the great threat that it can pose, in the wrong hands.

For that reason, I believe that the Energy Department must avoid any unnecessary complications that could delay or jeopardize the weapons plutonium disposition program.

The United States must:

• Set an example by minimizing shipments where possible and by shipping the plutonium only in forms that are difficult to use for terrorist purposes. Curtailing the need to ship plutonium through U.S. communities will limit the opportunity for controversy and delay.

• Avoid an appearance of a connection between weapons plutonium disposition and the reuse of civilian plutonium in nuclear plants. If this program is perceived as a step toward nuclear fuel recycling, it would meet with a long, damaging national debate. Facilities to process the weapons plutonium should not be located near existing facilities that could be used for nuclear fuel reprocessing.

• Maintain the focus on national security and keep side issues from becoming major distractions. The issue is not whether the use of plutonium as nuclear fuel is economical, or whether the MOX option is less expensive than immobilization. The goal is to reduce a great threat by safely disposing of plutonium — and leading the way for Russia to do the same.

The writer, who received the 1951 Nobel Prize in chemistry, was chairman of the U.S. Atomic Energy Commission from 1961 to 1971. He contributed this comment to The Washington Post.

Expect Asia's Values to Turn Out Much Like Everyone Else's

By Garry Rodan

HONG KONG — Tung Chee-hwa, the Beijing-appointed chief executive of Hong Kong, has cast serious doubt on whether the civil society established under British rule will survive the handover to China.

Embracing the concept of "Asian values" to justify political convergence with the mainland, he asserts that Chinese have a preference for consultation over confrontation.

But what about the 50,000 people who gathered in Hong Kong's Victoria Park in June to honor victims of the Tiananmen Square suppression eight years earlier, when Chinese troops were used to crush students and others demonstrating for more accountability and less corruption in government? That episode was one of the most confrontational acts by a regime in modern history. And was the 1949 Communist revolution in China really the culmination of extended consultation?

Mr. Tung's position echoes the line of various authoritarian leaders in East Asia. But what about the political processes and structures that give substance to these claims of "consensus politics"? To the extent that they exist at all, they are recent and selective adaptations, rather than long-standing cultural legacies. Moreover, they do not begin to embrace the diversity of social interests and opinion necessary to achieve any meaningful consensus.

However historically invalid the "Asian values" thesis may be, it will continue to be invoked. For authoritarian governments, the attraction is obvious; political opponents can be dismissed or attacked as dupes of "Western liberalism," an alien creed.

First justified as a temporary economic imperative, rigid political control needed a new rationale when rapid economic growth in most countries of East Asia occurred year after year.

Citizens are trying to establish a genuine right to consultation and participation.

Some foreign governments and commercial interests, keen to boost their trade and investment in the region, also find "Asian values" appealing. Thorny human and labor rights issues can be explained away in terms of cultural differences between "East" and "West."

The notion of cultural homogeneity promotes the mistaken idea of a singular East Asian alternative to liberal democracy. Meanwhile, social and economic transformations in the region are producing changes in the diverse interest groups within Asian societies.

The result is new forms of political contest and opposition, much of it outside the tight circle of established party politics, which will have a significant bearing on political directions in the region.

Authoritarian rule may survive these challenges, but only through political accommodation with the new social forces. The first steps toward consultation by authoritarian regimes are in response to these dynamics.

In contrast with radical student movements and peasant insurgencies of the 1970s, which often operated outside constitutional processes, the agendas of most of today's dissidents in East Asia have narrowed to reformist goals. They thus stand a better chance of becoming an institutionalized feature of political systems in the region.

Pressures on authoritarian rule are coming from the business, professional and middle classes spawned by economic development and rising levels of education. They are seeking a stronger place for the rule of law, transparency in government and curbs on corruption.

Pressure for reform is also coming from organizations representing labor, women, environmentalists, religious movements and activists for social justice and human rights. Opposition political parties are only part of a growing move to extend avenues for contesting the exercise of state power.

Although all these social forces are agitating for the right to influence public policy, the attraction of liberal democracy varies greatly among them.

Some forces are amenable to state co-option through elitist and hierarchical arrangements that give them privileged access to political and bureaucratic decision-makers. This is the model that Mr. Tung is promoting for Hong Kong. And there are other examples in East Asia where authoritarian rule is being reconciled with sustained growth of the market economy.

The most successful case of state co-option of new social forces is Singapore, where the Societies Act passed by Parliament legally limits the channels for political expression. As an alternative, the Singapore government has introduced nominated members of Parliament, parliamentary committees of inquiry, think tanks and "feed-back" mechanisms that are intended to tap both elite and "grassroots" opinion.

Singapore's governing party, which has won every general election since 1959, has also incorporated employers and unions into consultative structures.

Such structures create channels for selected elements, chiefly from the professional and business classes, to contribute to public policy. But it is technical expertise assist in refining government policy, not the rights of dissident citizens to representation, that is being tolerated. In fact, civil society is not expanding in Singapore. Rather, the already considerable political reach of the state is being extended.

Attempts to similar curtail independent political organization have had less success elsewhere in East Asia. In Indonesia, significant pockets of such activity have surfaced, involving coalitions of labor and student movements and grassroots nongovernmental organizations.

In contrast with their counterparts in Singapore, elements of Indonesia's urban middle class are also forming political ties with less privileged sectors, albeit on an insecure basis.

In Thailand, the Philippines, Taiwan and South Korea, independent political and social organizations have flourished lately. In South Korea, hundreds of nongovernmental organizations have emerged since the late 1980s to advance a wide variety of causes.

The sharp separation of these movements from established political parties is a striking feature of contemporary political development in East Asia, which contrasts with the pattern in many established liberal democracies in the West.

The political systems of Asian countries that are rapidly industrializing and urbanizing are taking different shape from those in the West, which went through these transformations earlier and less quickly. The dynamics involved, however, have more to do with political contest than with a cultural aversion to confrontation.

Indeed, much of the struggle concerns attempts by citizens to establish a genuine right to consultation and participation in the political process that affects their lives and living standards.

The writer, a visiting professor in the Department of Politics and International Studies at the University of Warwick, in Coventry, England, is editor of the book "Political Opposition in Industrialising Asia." He contributed this comment to the International Herald Tribune.

An American Story of Sick Cities That Recover

By Bob Herbert

NEW YORK — There was a time, not long ago, when the Bronx would set itself on fire at night. Darkness would fall and entire sections of the borough seemed to go up in flames.

A national audience once watched this phenomenon on television, when the Yankees were in the World Series. Off in the distance, beyond the lights of the stadium, the flames from several fires could be seen licking at the sky. Howard Cosell provided the commentary.

The fires combined with a hideous array of less spectacular problems to reduce vast acres of the Bronx to ruins. In 1990, even as jokesters were quipping that there was nothing left to burn, a fire at the Happy Land Social Club in the East Tremont section killed an astonishing 87 people.

To most observers, the Bronx was a twisted and ghastly place, the quintessential example of what was wrong with America's cities. Novelists, moviemakers, journalists and national politicians in search of urban desolation headed for the Bronx.

That was then. If you care to hop a northbound subway now you will find a great deal of evidence that devastated inner-city neighborhoods can be reborn. It is a slow and complicated process that doesn't readily lend itself to a novel or a screenplay, but it is happening.

A few days ago I spoke with a longtime resident named Sharon Jacobs. We stood in the air-conditioned hallway of a renovated apartment building two blocks from the site of the Happy Land fire. The hallway was well lit and smelled of fresh paint.

"This building was always dark and the drug dealers lived right there," she said, pointing down the hall. "It was like people from the street just came in and took over, like it was their building. Squatters, drug dealers. It was very dangerous. You can see how it's changed."

The building is one of several blighted residential and commercial structures that have been transformed by the nonprofit Aquinas Housing Corporation, one of the many participants in the heroic fight to reverse the decline of neighborhoods across the Bronx.

Similar efforts are under way in cities around America, and many are very successful. But they don't get a lot of attention. Newspaper editors and television producers develop nervous tics and extended fits of yawning when reporters try to explain the importance of CDCs (community development corporations, of which Aquinas is one), supportive housing, creative mortgage financing and low-income tax credits. Careers have been derailed at the mere mention of the word "urban."

So you won't hear much about a group like Aquinas reclaiming a neighborhood with fresh housing, services for the homeless and the elderly, recreation programs for children, and employment training for able-bodied adults. And yet its work, and that of thousands of similarly unheralded groups, is one of the key reasons for the improving health of cities.

Aquinas is one of about 700 nonprofit neighborhood groups supported by the Enterprise Foundation, which was set up in 1982 to help local organizations create affordable housing.

The sustaining idea of the foundation is that the availability of decent housing is essential if low-income people are to become self-sufficient. It is very hard to do great things if your mailing address is a broken-down park bench.

What has been happening around the country is that CDCs, some affiliated with Enterprise and some not, are using the cornerstone of affordable housing as a way of reclaiming one blighted neighborhood after another.

These are for the most part well-planned and financially rigorous ventures that use the expertise of public and private organizations. The Enterprise Foundation alone has raised more than $2 billion in low-interest loans, grants and equity investments for such projects.

"It is important to show that these successes can occur, and that they can be replicated," said William Frey, director of Enterprise's New York office. He says attitudes toward neighborhoods change as the housing improves, home ownership expands, crime and other problems diminish, and new stores and churches begin to be built.

That is what is happening now. Eventually, even television will notice.

The New York Times.

It's Nice Work for Some

By E. J. Dionne Jr.

MENLO PARK, California — They are everywhere in the Silicon Valley: "business centers" and "office parks" with rows of low glass and cinder block buildings housing companies whose names include jaunty X's (Mylex, Plextor, CMX) or proudly declare expertise in "systems" of one sort or another.

Inside, the work of the new capitalism is being done, usually in T-shirts or golfing attire. The mostly young men and women are proud to have broken with the old business culture.

There is huge risk-taking going on here, partly, says Ian Morrison, because the risks don't seem so huge. The systems analysts, engineers and assorted other wonk entrepreneurs know they can contain their losses. What saves them, explains Mr. Morrison, an author ("The Second Curve") and consultant, "is not a safety net, it's a safety network."

If you fail, you assume that the network of fellow geniuses and start-up whizzes will absorb you. Or you can always go back to one of those big companies, say, Hewlett-Packard or Intel. "Nine times out of 10, you land on your feet again," says Jim Strand of Institutional Venture Partners, which finances start-ups.

The Valley is the pilgrimage site of our time as the place where the future is happening. It is where you learn what is behind the current economic upturn, and meet the people creating and taking advantage of it.

Mr. Strand says the wave of start-ups reflects the desire of talented people to get out from under the thumb of "the bureaucratic, large companies."

In the big companies, he says, "they weren't fulfilled, they weren't self-actualized, they weren't happy."

The entrepreneurial spirit of the Valley is infectious because it entails both adventure and invention. The Valley slogan might be: Every American an entrepreneur.

By the end of my tour, I started thinking of this column as "a nice little start-up" providing "users" (you the readers) with a "tool kit" for, say, dissecting contemporary problems.

But I was brought back to earth crossing the line into East Palo Alto, a town, Mr. Morrison noted, with higher unemployment rates than the rest of the Valley and a large minority population. The question remains: How will more Americans be incorporated into the benefits of this bold new capitalism and its "self-actualizing" possibilities?

It is not a question that Washington is doing much about.

Washington Post Writers Group.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1897: New Tariff Law

NEW YORK — The first French steamer arrived in port since the new tariff law went into operation. Although indignant men and women protested, the officials speedily fined each person who brought more clothing than the law allows to enter duty free. A woman almost in tears, who had dresses heaped around her trunks, told the inspectors that the dresses had been worn a long time. The inspector quietly turned up the hems of the skirts, scrutinized them closely and remarked, "They don't appear much worn: you have got to pay the duty."

1922: 'Lower Heels'

LONDON — American girls who have been passing the summer in England have brought about a demand for lower heels — not absolutely low, but lower. Shopkeepers cannot understand this demand when the more-or-less short skirt seems to indicate the most chic footwear, but the answer is easy enough to find. It is that the American woman walks. She may be the owner of a car, or a half-dozen cars, but she wants to walk on Fifth Avenue and the adjoining streets "to see the styles."

1947: South Slav Pact

BELGRADE — An official communique released as Bulgarian Premier Georgi Dimitrov prepared to return to Sofia announced the conclusion of far-reaching agreements for mutual assistance and cooperation between Bulgaria and Yugoslavia, including preparation of a customs union, abolition of visas, co-ordination of foreign policy and the renunciation by Yugoslavia of $25,000,000 worth of reparations due her from Bulgaria under the peace treaty.

LANGUAGE

Follow the Money: Who Said It First?

By William Safire

WASHINGTON — "*Follow the money.* Always *follow the money.*" That resounding phrase, coined on the analogy of the French *cherchez la femme*, has become the rallying cry of a generation of reporters investigating corruption in high places. It has echoes, of course, in the pursuit of the Asian connection to Clinton campaign finance; the title of the PBS series on the subject is "*Follow the Money*," and CNN calls its coverage of the Senate hearings "The Money Trail."

Who first said "*Follow the money*"? Everybody knows the answer: "Deep Throat," the anonymous source quoted by Bob Woodward and Carl Bernstein in their book "All the President's Men." Those three words from a mysterious administration official whose identity is unknown even today impelled the young journalists to money laundered in Mexico and ultimately to payments to burglars and a Nixon White House slush fund.

But wait: Thanks to Daniel Schorr, the National Public Radio commentator whose investigative credibility includes the credential of a place on the notorious "Enemies List," we now have a new and disconcerting take on the origin of the famous phrase.

Schorr searched for the phrase in the journalists' book. It wasn't there. Nor was it in any of the Watergate reporting in the Washington Post. *Follow the money* first appeared in the movie "All the President's Men," spoken by Hal Holbrook playing Deep Throat.

The screenplay was written by William Goldman. When Schorr called him, the famed screenwriter at first insisted that the line came from the book; when proved mistaken about that, he said: "I can't believe I made it up. I was in constant contact with Woodward while writing the screenplay. I guess he made it up."

Schorr then called Woodward, who could not find the phrase in his exhaustive notes of Watergate interviews. The reporter told Schorr he could no longer rely on his memory as to whether Deep Throat had said the line and was inclined to believe that Goldman had invented it. "Whoever said that inspired line," Schorr told Los Angeles Times readers, "which has entered the political and journalistic lexicon, it was an invention."

Bob Woodward couldn't find the phrase in his exhaustive notes of Watergate interviews.

If the line was indeed a fiction, as it seems to be, what does that portend for its nonfictional source? Schorr only poses the question, but the irony is this: When recently asked on "Meet the Press" what the lasting legacy of Watergate was after a quarter-century, Ben Bradlee of the Washington Post (brilliantly portrayed in the movie by Jason Robards) replied with the words of William Goldman: "*Follow the money.*"

At the hearings led by Senator Fred Thompson into political funny money, the noun *proffer* keeps coming up. Senator John Glenn, referring to the possibility of getting the fund-raiser John Huang to appear, said, "I would think all this superbright legal talent we have represented on this committee can figure out a way to do it, to get a *proffer* for us to consider."

The word was born in romance. In the 14th century, an anonymous parish priest wrote in "Cursor Mundi" of a lady who "*porferd* him hir muth to kiss." Its Latin root melds *pro*, "for, in front of, with *offerre*, "to offer."

Now it's a legal term. "A *proffer* is an offer into evidence," said Bryan A. Garner, editor of Black's Law Dictionary, "and only such an offer. Lawyers wouldn't use the term as a verb merely to mean 'to offer a deal' in exchange for immunity. When giving a *proffer*, the petitioner must have something to give; that is, to offer into evidence."

Is there a difference between *offer* and *proffer*? Used as verbs, they have the same meaning; as nouns, especially in legal terminology, *proffer* has a narrower meaning. Bethany Dumas, editor of "Language in the Judicial Process," explained that it can mean "I *will summarize for you what I will* testify to under oath if you grant me immunity." As Senator Thompson put it: "You don't buy a pig in a poke. You don't give anybody immunity unless you know their testimony will be helpful." (The dialect noun *poke*, akin to the French *poche*, means "bag.")

New York Times Service

BOOKS

THE SUPERLATIVE MAN

By Herbert Thomas. 248 pages. $22. Farrar Straus Giroux.

Reviewed by Jonathan Yardley

IN the tradition of . . ." is the hot marketing trick in book publishing: A first novel by an unknown writer, or a seventh novel by a practiced novelist who has yet to find a readership, may be promoted as "In the tradition of Kurt Vonnegut" or "In the tradition of Barbara Pym." Piggybacking is the word for it. So now we have "The Superlative Man," a first novel by a Washington lawyer that is, according to his publisher, "In the spirit of Raymond Chandler and Dashiell Hammett."

Authors shouldn't be held to account for their publishers' little games, but to invoke the names of Chandler and Hammett on behalf of this slender effort does it no good. "The Superlative Man" has its amiable aspects, and Herbert Thomas may yet become an accomplished novelist, but it's cruel and unusual punishment to invite such a comparison. Thomas has a quirky imagination and an agreeable sense of humor, but "The Superlative Man" is to "Farewell, My Lovely" or "The Thin Man" what rookie league baseball is to the big leagues.

It is set in an unnamed city during what appears to be the 1930s, which may have inspired the Chandler-Hammett comparison. Its central character is a 30-year-old newspaper writer, Harvey Gander, who is stuck in features but longs to be in hard news. The big story in town is the heroics of the Superlative Man, a caped superhero in whom the citizenry sees "the realization of an American dream, in which fear and danger and death had an antidote, good was more knowing than evil, and accidents almost but never quite happened because lives were saved, victims healed, mothers and children reunited."

The trouble is that the Superlative Man's rescues come at a price. Harvey's parents are both killed in an auto accident; it is caused when his father is distracted by Superlative Man dashing in front of his car en route to another deliverance.

Then a newspaper reporter whom Harvey admires is found dead, and Harvey is asked to carry on the story he had begun to dig out, one involving a possible if unclear connection between drug overdoses in a seedy part of town and further Superlative Man adventures.

It's a familiar device: A reporter becomes part of the story he is assigned to cover. Harvey becomes overwhelmed by it, addled to the point that "everything I say comes out wrong," and, worse, he cannot always distinguish between reality and what he fears is hallucination. He is in utter confusion:

"The more he pressed on, the further some part of him seemed to drift backward. All around questions lay unanswered, as the murders and messages crowded in. He felt as if he were on a train, accelerating into empty spaces. Herds of buffalo thundered along beside his car, but slowed as the train sped faster. For a magical moment they seemed to hover, hanging in a balance, suspended. When something shifted and, slipping away, they galloped backward into the darkness."

The story gets incredibly complicated and elusive. Women move in and out of Harvey's life, some of them noir cartoons, others of uncertain sincerity and loyalty. The most important of these is Patty, the secretary in Harvey's newspaper's feature section, whom Thomas describes as follows: "Patty . . . could warm your blood if you watched her lick too many envelopes. A brunette with an eye for clothes and a shape to hang them on, she had bright hazel eyes that seemed to see into you and somehow made you look all the harder back at her."

That's nice, more Hammett than Chandler, as well as more subtle sendup than mere imitation. In passages such as this Thomas obviously is having fun, playing in the fields of the masters while twisting the forms they devised into unexpected new shapes.

PART 1930s noir suspense novel, part 1990s fantasy, "The Superlative Man" is original and amusing. But it doesn't hold together very well. Part of the problem is stylistic inconsistency; at times, as in the passage about Patty, it's an affectionate satire, while at others it's a straightforward narrative, with the result that the reader isn't always sure what Thomas is trying to do. It also contains, for a relatively brief novel, a large cast of characters, some of whom — the Superlative Man most inexplicably — vanish from the narrative for long stretches.

These shortcomings are explained by inexperience rather than by lack of ability. Herbert Thomas can write and has an antic turn of mind. Sooner or later he's likely to write a good book. Let's hope it's "in the spirit of" Herbert Thomas.

Jonathan Yardley is on the staff of The Washington Post.

BRIDGE

By Alan Truscott.

A POWERFUL Florida squad captured the Grand National Team title at the American Contract Bridge League's Summer Nationals in Albuquerque, New Mexico.

Silence was golden on the diagramed deal, which accounted for most of the Florida team's winning margin. The North-South hands suffer from duplication of distribution, and a slam contract is inferior although few would avoid it. Success hinges on whether or not the diagramed suit is worth two tricks. At first sight, this seems easy because East has the ace and queen, but the pesky eight gives South a choice. Without any clue, he can play East for queen-ten rather than ace-queen.

In the diagramed bidding, South's three-club bid was Puppet Stayman, asking for a five-card major suit. Three diamonds denied that, and four diamonds was an artificial slam try implying possession of both major suits. South settled for six hearts, and received the lead of the club jack. With no clue, South misguessed. After drawing trumps, South led to the diamond eight, and the slam failed. Meckstroth, as East, had maintained a discreet silence in the bidding. If he had doubled the artificial four-diamond bid, the slam would have succeeded.

In the replay, the same contract was reached after a lengthy auction that included an artificial five-diamond bid by North. East could not resist doubling to suggest a diamond lead, and thus gave Levin, as South, the vital clue to the diamond situation. The slam succeeded, and the Florida team gained 17 imps, the biggest swing of the match.

NORTH
♠ Q 9 5 4
♡ K 10 5 4
◇ 9 6 4
♣ K Q

WEST
♠ 7 6 3
♡ 9 8 2
◇ 10 7 3
♣ J 10 9 8

EAST
♠ 8 2
♡ 7 3
◇ A Q 5 2
♣ 7 6 5 4 3

SOUTH (D)
♠ A K J 10
♡ A Q J 8
◇ K J 8
♣ A 2

North and South were vulnerable.

The bidding:

South	West	North	East
2 ♣	Pass	2 ◇	Pass
2 N.T.	Pass	3 ♣	Pass
3 ◇	Pass	4 ◇	Pass
6 ♡	Pass	Pass	Pass

West led the club jack.

CROSSWORD

ACROSS

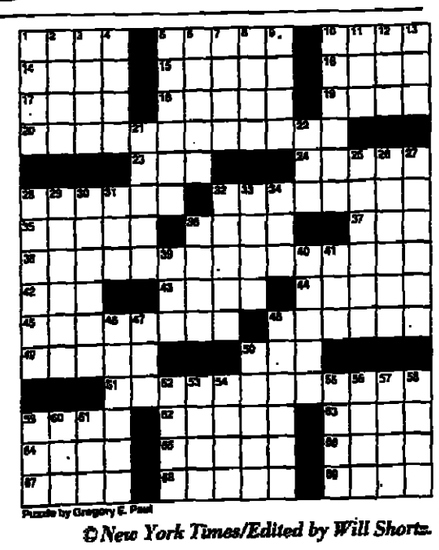
1 Neanderthal's weapon
5 Basketballer
10 Tramp
14 Sharpen, as a razor
15 Dateless
16 Finished
17 Touch up, as text
18 Repeated Chris O'Donnell movie role
19 Org. expanding into Eastern Europe
20 Healthy
23 Toward the stern
24 September bloom
26 Mother that can't be fooled
32 Much of kindergarten
35 Sports venue
36 Woeful word
37 The first X of X-X-X
38 Spotless
42 No longer working: Abbr
43 Parts of bytes
44 "Frasier" character
45 Weaken
48 Ulcer cause, in popular belief
49 Emergency room supply
50 Cosmonauts' space station
51 Taut
59 Certain boxing blow
62 Send, as payment
63 Seldom seen
64 Mitch Miller's instrument
65 "Goodnight" girl of song
66 The dark side
67 Still sleeping
68 Copier powder
69 A.F.C. division

DOWN

1 Worker with an apron
2 New Jersey city south of Paramus
3 Army outfit
4 VHS alternative
5 Chianti container
6 Skyward
7 Mongolian desert
8 Camelot lady
9 Split
10 "I'm telling you the truth!"
11 Lab eggs
12 Craps action
13 Treasure of the Sierra Madre
21 See-through wrap
22 Minstrel's song
25 Y. A. of the Giants
28 Novelist Zola and others
27 Alcove
28 Mother-of-pearls
29 Longtime "What's My Line" panelist
30 Wobble
31 Spanish article
32 Batter's position
33 Statutes
34 Baseball bat wood
36 "—— was in the beginning . . ."
39 Lawyers' org.
40 Prefix with venous
41 Madam's mate
46 Like a wagon trail
47 George Marshall's alma mater, briefly
48 Nun
50 Down East
52 Stick-to-itiveness
53 Submarine sandwich
54 Feds
55 Attracted
56 Strong thumbs-up review
57 "Mila 18" novelist
58 Liquefy, as ice cream
59 Mauna ——
60 Decline
61 Antagonist

Solution to Puzzle of August 1

L	I	G	H	T	S	O	U	T			C	L	A	M
S	T	A	I	R	C	A	S	E		S	A	U	C	E
D	E	B	R	I	E	F	E	D		U	L	T	R	A
			S	E	N	S	E	D		B	L	E	E	D
A	C	C	U	S	E			Y	E	W	S			
F	O	O	T			H	O	B	N	A	I	L	E	D
I	L	L	E		N	I	N	E	T	Y	N	I	N	E
E	L	O		B	I	G	E	A	R	S		S	T	U
L	A	N	C	A	S	H	I	R	E		O	T	I	C
D	R	Y	C	L	E	A	N	S			P	E	R	E
			R	A	I	N			E	V	E	N	E	D
K	R	A	I	T		D	R	I	V	E	N			
H	O	N	D	O		L	A	C	E	R	A	T	E	S
A	L	D	E	N		O	V	E	R	V	I	E	W	S
N	E	A	R			W	E	S	T	E	R	N	E	R



Puzzle by Gregory E. Paul

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INTERNATIONAL



Walter Hanel in the Frankfurter Allgemeine Zeitung

President Roman Herzog ordering Germans out of their paradise and into globalization in the next millennium.

GERMANY: *A No-Name Crisis Shakes the Country and Its Faith*

Continued from Page 1

the party spectrum are committed to the social market economy model, a more-or-less egalitarian theory of disbursing the benefits of a capitalist framework.

Initiated by Konrad Adenauer, anchored in the constitution and embraced by the country's two Social Democratic chancellors, Willy Brandt and Helmut Schmidt, the system worked until high wage and benefit costs and new competition from around the world with more flexibility to create and invest began to overwhelm the near-sacred model.

Dismantling it or abandoning it in Germany amounts to attacking a creed, the national sense of self-worth. With another history and other sources of national self-esteem, a similar process superimposed on France would be just plain politics. Just as clearly as building Europe means the loss of the Deutsche mark as a symbol of achievement and security, returning Germany to competitiveness involves changing labor rules, cutting jobs, costs and state spending. The changes amount to a revision of the social contract. And in this country, that process requires the nation to reinvent its notion of itself.

An event last week like the de facto collapse of the government's attempt to overhaul Germany's strangulating tax system, once billed as the pivotal reform measure to carry the country into the new century, is a significant example of the current misery, but only a symptom of the deeper illness described by Mr. Herzog.

Following his formulation, the country knows what to do (in this case, reform the tax system), yet somehow cannot (because of vested interests, resistance to change and the immobility of a political class that has lost the general public's confidence while reflecting all of its unwillingness to accept small risks or to give up minimal entitlements).

The tax reform failure probably had its psychic equal in the outcome of the decade-long battle to deregulate Germany's rigid store-closing hours. When a compromise was reached that would allow the country to shop a bit more after work or on weekends, unions demanded a 20 percent surcharge for the new hours and the right to reject any shifts that complicated employees' family lives or use of public transport. Result: a third of Germany's stores have returned to their previous schedules, according to the German Retailers Federation, and only 15 to 25 percent take full advantage of the new opening hours.

The special awkwardness and irony of this crisis-without-a-name are in part that it resides in the attachment of people and organizations to consecrated routine.

The principal players, each representing special interests, tend to refuse to recognize their own particular segment of German life as being deeply troubled or intransigent. Mr. Herzog's speech, rather than gaining wide acceptance, found more individuals defending their patch and insisting that Germany's problems were not so much systemic but manageable with careful dial twisting.

And Mr. Herzog himself, in spite of the credit he has gained for saying Germany has run aground, did not find it prudent to single out the sectors in German life that are imploding.

But each component of the country's international success and its social market economy model is touched by the crisis, its contradictions and denials.

• The Bundesbank, for example, does not say its influence and future are limited by the perspective of its disappearance as Europe's prime banker and monetary overseer. This change is scheduled for 1999, the inauguration date for the new European Central Bank and a single European currency. In the same manner that markets move on the anticipation of change rather than the event itself, a remarkable glimpse of how much shortened Germany's financial levers could be in the future came in a remark last week, inconceivable in other years, from Paul *Meggyesi, senior currency* analyst at Deutsche Morgan Grenfell in London. These days, he said, "The market does not believe the Bundesbank for a second in terms of its willingness or its ability to support the mark."

The monuments of stability and consensus appear diminished in their capacity to regulate society, sustain wide prosperity or survive change.

• Another pillar of German society and onetime symbol of egalitarian Rhenish capitalism, the trade unions, still officially hold German industry to paying identical salaries and benefits for the same hours across various sectors, and insist that the unions' influence will grow in the future. Against this, a survey by Morgan Stanley showed that 30 percent of German employers now pay salaries under union scale. While the unions' own projections were saying that in 20 years only 30 to 40 percent of the country's jobs will conform to the cherished notions of fulltime, full-benefits employment, Klaus Zwickel, president of IG-Metall, the country's biggest union, took the occasion this spring to call for the installation of the 32-hour week.

• In Bonn, Chancellor Helmut Kohl, who takes the guns-and-butter position of wanting "to consolidate the welfare state while reforming it," acknowledges the current situation to be one of "complete standstill." But facing an election in October 1998, he has blamed the problem on Social Democratic "treason." Men like Karl-Olaf Henkel, president of the German Industry Federation, and Klaus von Dohnanyi, a former Social Democratic cabinet minister and former mayor of Hamburg, have pointed beyond tit-for-tat politics to the need for deep reform of the federal government model, which now allows an indirectly elected Bundesrat to block the bills of a directly elected Parliament — a key element in the failed tax reform. Other critics have attacked the Bundestag's election statutes permitting, through a so-called list-system, the election of party loyalists without responsibilities to or the possibility of sanction by a home constituency.

• German industry, once the paragon of the socially conscious employer with its corporate supervisory boards including worker representatives, now exports jobs. Such companies as Bosch and Siemens employ more people outside the country than at home. Corporations, seeking the look of modernity, pay increasing attention to their share prices in an environment where German banks no longer hold a virtual monopoly on providing capital. But the Ifo economic research institute of Munich points to a slowdown in creativity by reporting that the granting of patents in Germany continues to lag behind the competition after years of warnings that the country was becoming an also-ran in the areas of computers, biotechnics and advanced electronics. As for German management's social conscience, the OECD in Paris reported in 1995 that "it is difficult to determine to what degree the special place of workers in management . . . permits them to better represent their interests than in systems that lean towards conflictual relationships."

• In Frankfurt, banks that used to suggest to their clients that investing in the stock market was a somewhat louche proposition, now push shares and advise individuals to hire financial planners. But the same banks strengthen their London operations, with the private explanation that the banking culture in Germany impedes the local hiring of sufficiently aggressive and risk-oriented people — a kind of admission that German banks are still not wholly ready for the competitive life. In fact, Patrick Fincker, a director of BfG Bank AG, the Frankfurt subsidiary of Credit Lyonnais, has said that putting together an investment team in Frankfurt takes years, compared to weeks in London, with salary costs running 30 to 40 percent higher in Germany than Britain to recruit comparable staff.

When Germans pile these details up and say that there is sufficient change underway in the country to create discomfort, but not enough to compete, that something is seriously wrong, the reaction is not always a comfortable one. Norbert Walter, chief economist of the Deutsche Bank, said he has gotten "frightening, aggressive" letters because he has openly described Germany as heading for a "structural break" that he thinks will result in a less dogmatically egalitarian, more flexible and probably more American-type system.

"How do we change a mentality that is based on the pride of success and which is now too stubborn to be willing to change at all?" Professor Wehler asked. "The rather depressing impression you get is that nobody really thinks very hard about how a new institutional framework could look."

The petrification that comes with success, political maneuvering, pride and vested interests meant that "there is no honest debate," Professor Wehler said. This left him with not much more than the supposition that Germany will somehow muddle through rather than seeking to create a new social contract.

Beyond the reality of the breakdown itself, President Herzog has insisted that, like it or not, Germany is running out of time and will pay the price for dithering in more unemployment and despair. Mr. Henkel took things a turn further last week in describing the collapse of the tax package, within the context of the overall crisis, as a prescription for sending the country into "the minor leagues."

Asked about the urgency of the situation, Dieter Schulte, president of the German Federation of Labor and a man widely regarded as no enemy of change, looked about his office here. With what seemed like a trace of regret and honest caution, he said, "You've got to accept that things go slowly." Pushing any harder felt like the prospect of trouble, Mr. Schulte suggested, and he did not want "to end up standing alone in the desert."

The painting above Mr. Schulte's desk was an expressionistic scene of trains, planes, a busy harbor, work, movement, men with their sleeves rolled up, all in a kind of noisy harmony. In Germany, it was an illustration from a time long gone.

Tuesday

STYLE

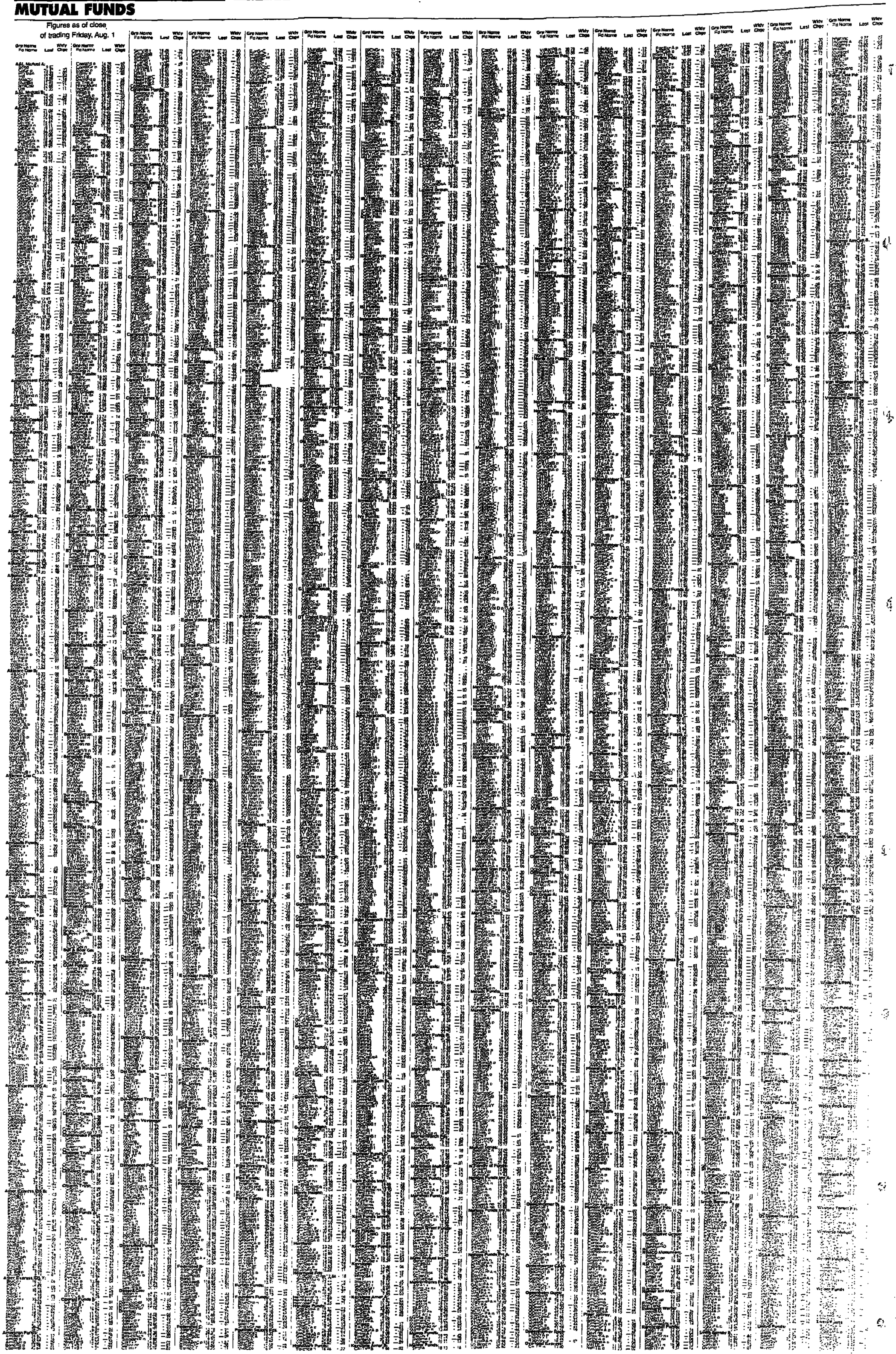
From Paris to Milan, from New York to Tokyo, fashion editor Suzy Menkes covers the fashion front. With additional reporting on lifestyle issues, the Style section provides up-to-date information on developments in the changing world of creative design.

Every Tuesday in the International Herald Tribune.

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MUTUAL FUNDS

Figures as of close of trading Friday, Aug. 1



Herald Tribune
INTERNATIONAL

BUSINESS/FINANCE

MONDAY, AUGUST 4, 1997

KLM Weighs Partnership With Alitalia

Pact Would Help Each Battle Larger Rivals

Bloomberg News

AMSTERDAM — KLM Royal Dutch Airlines NV and Alitalia SpA, the Italian national airline, are discussing a possible partnership that would give them greater combined reach to help compete with larger rivals, KLM confirmed Sunday.

Talks have been going on for 18 months as both airlines explore possibilities following other airline link-ups, such as that between British Airways PLC and AMR Corp.'s American Airlines, which are seeking to form a broad partnership.

While KLM already has a partnership with Northwest Airlines, a KLM spokeswoman said that in the aviation industry, chief executives are continually exploring new, additional partnerships to help attract passengers.

The current KLM-Alitalia discussions "are intended to find out if it would be useful to start official talks," the spokeswoman said.

Analysts say that BA's plan to ally with American Airlines has given European airlines fresh urgency to consolidate as a way to meet the challenge.

"KLM's world changed when BA announced its alliance with American," Chris Tarry, a Dresdner Kleinwort Benson analyst, said in a recent report.

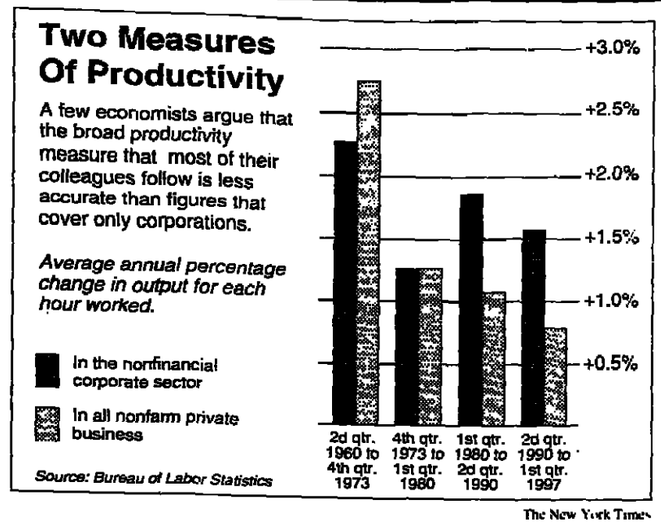
"KLM's management is clearly courting a wide range of potential partners," he said.

KLM commented only after in the Dutch newspaper NRC Handelsblad published an interview with Pieter Bouw, KLM's chief executive, who said that talks with Alitalia that have been under way for the last 18 months are becoming "gradually more concrete."

Mr. Bouw, 55, will step down Tuesday after 30 years with the airline and more than six years as CEO. He will be replaced by KLM's managing director, Leo van Wijk.

KLM is suddenly in a stronger position to explore partnerships now that it has resolved a long-running feud with its U.S. partner, Northwest Airlines. On Wednesday, KLM announced it would sell back its 19 percent stake in Northwest by 2000 in a move to end the 3½-year feud over its stock ownership.

Northwest said it would buy from KLM its 25 million shares, and KLM would drop two lawsuits challenging Northwest's takeover defense.



The New York Times



Agence France-Presse

Alan Greenspan, chairman of the Federal Reserve Board, and others think electronic technologies are creating a new era of expansion.

Productivity: Magic Wand in the Economy?

In a Disputed View, Greenspan Sees Electronic Technology Stimulating a Boom Era

By Louis Uchitelle
New York Times Service

NEW YORK — To hear Alan Greenspan, chairman of the Federal Reserve Board, tell it, along with various bulls on Wall Street and assorted chief executives, the United States is entering a period in which the productivity of the U.S. worker is accelerating in ways reminiscent of the best years of the country's economy.

That is why the economy is strong, stock prices are rising and both will continue upward.

The productivity enthusiasts pushing this view argue that the new electronic technologies have finally been harnessed and exploited in the workplace.

Starting in 1994 or so, they say, the nation's workers have been producing more for each hour and each day they work.

Most important, this will last, they say.

Their enthusiasm, however, relies heavily on their own narrow measurements of productivity — measurements they consider more accurate — and on circumstantial evidence.

The official broad statistics flatly deny that productivity is rising.

Quite the contrary, they show it weaker than ever in the 1990s.

Many economists, embracing the official statistics, are skeptical of the bullish view. Even on Wall Street there are those who claim that the productivity optimists, including Mr. Greenspan, are engaging in "creative statistics" to make their case.

"Productivity is a broad national concept that does not lend itself to mining statistical data for favorable results," said Stephen Roach, chief economist at Morgan Stanley & Co.

"I am really critical of Mr. Greenspan for doing that."

The stakes in this debate are enormous. The performance of the stock market and the future financing of Social Security and Medicare are tied to the outcome.

Corporate profits, for example, have been growing lately at more than double the rate of growth of the economy itself.

In the absence of rising prices, that can only be happening, the productivity optimists say, if workers are producing more for a given day's work, and the added revenue from their production is going into profits.

The rising profits, in turn, have justified rising stock prices. The expectation that profits will continue to rise, thanks to the growing productivity, keeps the Dow Jones average climbing.

"Improved productivity has played a key role in profit margins, profit growth and the resulting rise in stock prices," said Abby Joseph Cohen, chief equity strategist for Goldman, Sachs & Co.

Beyond Wall Street, rising productivity and rising profits in the years ahead would mean rising tax revenues, just when the federal government needs the money to help pay for Medicare and Social Security as Baby Boomers retire.

That has made the administration distinctly sympathetic to the rising productivity argument.

"It makes Social Security and Medicare much less of a crisis," said Lee Price, the Commerce Department's acting undersecretary for economic affairs.

Productivity measures a worker's output in a given time period. Take as an example a long-distance telephone operator.

Her company has furnished her with an array of new computers and software. As a result, she increases the hourly revenue that she brings the company from toll calls to $1,022 from $1,000 — money that can go into profits or wages or both.

This operator's 2.2 percent productivity improvement was in fact roughly the rate of productivity growth for the entire work force in the postwar decades, until 1973.

The 1990s are a different matter. While many workers are indeed becoming more efficient, the official statistics say that the average rate of productivity improvement for the private sector work force as a whole during the 1990s has been only nine-tenths of 1 percent annually.

The skeptics believe that is a discouraging statistic. They argue that as wages rise, and they are beginning to do so, the higher pay will either cut into profits, hurting the stock market, or force companies to raise prices.

With inflation rising, the Federal Reserve will respond by raising interest rates to slow the economy.

Mr. Greenspan says that rising productivity may be saving the day, but he makes no bones about what Fed policy will be if he is wrong.

The productivity optimists start with the accurate observation that the nation enjoys a rare combination of healthy economic growth, rising profits, low inflation and plentiful employment.

While others more pessimistically argue that this current, happy moment can be explained as a temporary phenomenon — a result mainly of shifting corporate income into profits and away from wages — the optimists insist that rising productivity is the only explanation that solves the puzzle.

They charge that the official productivity measure, showing very weak growth, is inaccurate, a victim of mismeasurement.

To make their case, they explore a range of statistics for evidence that their thesis is correct. Or they adopt more positive, narrower measurements of productivity, as Mr. Greenspan has done.

One test came last week, when the Commerce Department announced updated estimates of how much the economy, as measured by the gross domestic product, had actually grown since late 1992. The productivity optimists had expected a sharp upward revision.

The GDP, in effect, adds together all the final sales — retail sales and telephone tolls, for example — to gauge the total output of the economy in a given year. The higher the output for the same number of hours worked, the higher the productivity growth rate.

But the GDP revision was minor. The average annual growth from 1992's last quarter through this year's first quarter was revised upward by

See PRODUCTIVITY, Page 13

Thailand Works Out Rescue Deal With IMF

Compiled by Our Staff From Dispatches

BANGKOK — Thailand has hammered out terms of an economic rescue package with the International Monetary Fund aimed at bolstering the country's declining foreign reserves and bringing investment into its cash-strapped economy, Commerce Minister Narongchai Akkaraserani said Sunday.

The proposal will be presented at a meeting of the Council of Economic Ministers on Monday. If approved, it will be presented to the full cabinet on Tuesday, Mr. Narongchai said.

Mr. Narongchai, a member of the Economic Council, would not give any details of the agreement.

In Washington, a spokesman for the IMF declined to comment on the minister's remarks, saying the fund would wait until the government took action on a proposal.

The baht has weakened about 25 percent against the U.S. dollar since the old currency-exchange system, which closely pegged the baht's value to the dollar, was scrapped July 2.

The IMF is expected to provide a multibillion-dollar credit line for Thailand. It is also likely to require Bangkok to cut its planned 1997 spending of 925 billion baht ($29 billion) and to raise taxes.

"We don't expect to use the credit line," said Surasak Nananukool, an aide to Prime Minister Chaovalit Yongchaiyut. "It's there to provide a cushion to our foreign reserves." *(Reuters, Bloomberg)*

■ Mahathir May Meet Soros

Prime Minister Mahathir bin Mohamad of Malaysia said Sunday that he would consider meeting with George Soros, the billionaire American trader whom he has accused of roiling Southeast Asian currencies, Reuters reported from Kuala Lumpur.

"Well, I will certainly consider it. We'll find out what he wants to explain," the Bernama news agency quoted Mr. Mahathir as saying.

The prime minister's comments came after a newspaper report that Mr. Soros had requested a meeting with him to discuss the allegations.

Also on Sunday, Malaysia announced curbs on local banks' activities in the foreign-exchange market in a bid to cool domestic speculation in the beleaguered ringgit. Mr. Mahathir said last week that Malaysians were involved by making the ringgit available to speculators.

American Indian Crafts Lose Native Edge As Foreign Fakes Flourish

By James Brooke
New York Times Service

ZUNI, New Mexico — Displayed for tourists in an "Indian jewelry" store in Albuquerque, the bracelets, pendants and rings were labeled "Made in Zuni." Precise labels would have read: Zuni, Philippines.

As demand soared for American Indian arts and crafts in the 1980s, an American jewelry manufacturer set up an assembly factory in a village in the southern Philippines. To increase sales, the manufacturer persuaded people there to rename their village after a distant and ancient people, the tribal residents of this desert corner of the American Southwest.

"In the Philippines, they are copying this design," Loren Panteah said as he sat at his workbench here overlooking the Zuni River and Sacred Corn Mountain. Mr. Panteah held up a $90 pair of earrings he had fashioned using tribal symbols and techniques and working with silver, turquoise, lapis lazuli and jet.

The developing nations are undercutting the United States' own underdeveloped pockets as copies are made in the Philippines and elsewhere, and American and European shoppers snap up "Indian" arts and crafts without thinking.

Brazilians, Nigerians and Pakistanis weave copies of Apache, Navajo and Pima baskets. Mexicans weave imitation Navajo blankets. Chinese carve animal fetishes. Thai workers make imitation jewelry, sometimes using blue plastic instead of turquoise stone and a nickel-zinc alloy for silver. Filipino workers specialize in Hopi kachina dolls as well as Zuni inlaid jewelry.

Although estimates vary, foreign fakes are now believed to account for as much as half of the market in Indian arts and crafts, worth $1 billion a year.

Estimating that foreign fakes had cut his income by one-third in the past five years, Mr. Panteah said the impact had rippled across the impoverished Zuni Indian Reservation in remote western New Mexico.

"A lot of families are really hurting," he said. "They have had their vehicles taken, their lights cut off."

Hardest hit are the Hopis, Navajos and Zunis, three tribes with styles that account for about 90 percent of the Southwest Indian jewelry sold today.

In Zuni land, a high-altitude desert expanse of about 700 square miles (1,820 square kilometers), cottage-craft industries have long helped to ease unemployment, officially calculated at 74 percent in a tribal work force of 5,000 adults.

For the Zunis' northern neighbors, the Navajos, blanket weaving and jewelry making have traditionally brought cash to a society in which the average household income is about $10,000, barely one-third of New Mexico's state average.

Even though it is illegal to pass off the fakes as real Indian crafts, the imitators are bold.

"Hopi style, Navajo style and Zuni style — we are distributors for some of the best silversmiths Asia has to offer," reads the Internet catalogue of Buck-A-Gram, a Bangkok jewelry company run by a man in Connecticut. "To those of you who think our jewelry is worth less because it was not made by an American Indian, the truth is that it is estimated that 90 percent of all Indian goods sold as genuine are actually imported."

'It's not turquoise, it's plastic. It's not Zuni, it's Filipino. It's not straight from the reservation; it's straight from Manila.'

In the Southwest, non-Indians have been copying Indian arts and crafts ever since the first tourist markets sprang up there a little more than a century ago. But with the modern interest in all things Indian, counterfeiting has surged, with increases in both quantity and in quality.

Low foreign wages and mass production are depressing prices, said Andy Abeita, a sculptor who is an Isleta Pueblo Indian and president of the Indian Arts and Crafts Association, a nonprofit group in Albuquerque.

"Import jewelry is no longer a trinket industry," said Mr. Abeita, whose group is dedicated to protecting and promoting authentic Indian crafts. "Now it is very difficult for the artists themselves to tell if a piece is Indian handmade or not."

The Customs Service has begun a half dozen investigations into imports of Indian-style arts and crafts, focusing on Mexico, the Philippines and Taiwan, said Connie Fenchel, the director of investigative operations at the agency.

Under the Indian Arts and Crafts Act of 1990, which was only fully put into effect in November, it is illegal to sell or display for sale any product not made by Indians in a way that falsely suggests that it was. A first-time violator faces fines up to $250,000 and jail terms up to five years. Repeat violators face penalties of up to $1 million in fines and 15 years in jail.

A federal law also requires that Indian-style products imported into the United States be indelibly marked with the country of origin.

Many importers flout this law by affixing stickers that can be peeled off. Some of these Indian-style goods are "laundered" in Gallup, a busy trading-post town where the origin of the goods is obscured.

Out-of-state buyers, many of whom know that the goods are fake, stock up in Gallup and then peddle Asian-made wares as "straight from the reservation."

"It's not turquoise, it's plastic," said Susan McGuire, executive director of the Indian Arts and Crafts Association, a group of artists, dealers, collectors and museum officials. "It's not Zuni, it's Filipino. It's not straight from the reservation; it's straight from Manila."

To combat counterfeits, the association has conducted seminars this spring for customs agents and for investigators of the New Mexico Attorney General's Office. Although 10 states have laws against marketing imports as "Indian handmade," prosecutions have been rare.

Fakes often penetrate Indian jewelry markets, especially ones far from the Southwest.

"There was one Santo Domingo Pueblo lady selling Philippine jewelry with her name scratched on the back" at the Red Earth powwow last month in Oklahoma City, said Tony Eriacho, a Zuni jewelry maker and dealer. "Outside, a couple of Navajo families were selling Philippine jewelry as Indian jewelry."

To avoid fraud, buyers should ask sellers for written certification that names the tribal artist and the stones and natural materials used in making the product.

Under New Mexico law, "Indian handmade" means using tools and processes that allow the maker to determine individual shapes and design.

In contrast, "Indian crafted" refers to assembly-line production, usually by Indians employed in factories in the Albuquerque area.

On a survey form of tribal jewelers and traders on the problem of imitation jewelry, one Zuni artisan printed in bold letters, "We all suffer — time to take on the fakes."

CURRENCY RATES

Aug. 1

Cross Rates

	$	£	DM	F.F.	Lire	D.Fl	B.F.	S.F.	Yen	Cs	Pesetas
Amsterdam	2.0985	3.4245	1.1265	0.3347	0.1154*	—	5.4555*	1.3734	1.77*	1.5125	1.335*
Brussels	38.125	62.48	20.475	6.126	2.1137*	18.3295	—	25.00	0.3206	27.64	24.45*
Frankfurt	1.5477	2.5277	—	0.2967	0.1023*	0.8878	4.8433*	1.2188	1.550*	1.3395	1.1847*
London (a)	1.637	—	1.0594	10.2471	2.967.88	3.4239	62.7695	2.4891	193.264	2.2605	256.52
Madrid	156.238	255.714	84.402	25.04	8.65*	74.529	4.0976	102.755	131.358*	113.486	—
Milan	1,810.95	2,957.55	975.48	289.55	—	866.40	47.189	1,188.39	15 159	1,308.00	11.583
New York (b)	—	1.6315*	1.863	6.282	1,828.00	2.6982	38.48	1.5267	118.395	1.3812	156.275
Paris	6.7382	10.213	3.3707	—	0.3455*	2.9924	0.1632	4.1027	5.2448*	4.5291	3.9945*
Tokyo	119.58	194.35	64.29	19.07	0.66	57.08	3.1153	78.28	—	86.01	0.762
Toronto	1.3898	2.2577	0.741	0.2198	0.0758*	0.6579	0.3589*	0.9042	1.144*	—	0.878*
Zurich					Closed						
1 ECU	1.1006	0.6513	1.9878	6.65	1,930.78	2.2723	40.92	1.6278	127.364	1.4349	162.224
1 SDR	1.3569	0.8267	2.5184	8.4522	2,447.12	2.8849	51.8405	2.0577	160.957	1.8168	211.616

*Closings in Amsterdam, London, Milan, Paris and Zurich. Rates in other centers; New York and Toronto rates at 4 P.M.
a: To buy one pound; b: To buy one dollar; *Units of 100; N.Q.: not quoted; N.A.: not available.

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. peso	0.9999	Greek drac.	287.37	Mex. peso	7.815	S. Afr. rand	4.61
Australian $	1.3466	Hong Kong $	7.741	N. Zealand $	1.5375	S. Kor. won	869.31
Austrian sch.	13.00	Hung. forint	196.32	Norw. krone	7.6418	Swed. krona	7.9975
Brazil real	1.082	Indian rupee	35.72	Phil. peso	29.80	Taiwan $	28.70
Chinese yuan	8.2913	Indo. rupiah	2615.0	Polish zloty	3.47	Thai baht	31.85
Czech koruna	34.35	Irish £	0.6858	Port. escudo	185.95	Turkish lira	159045
Danish krone	7.014	Israeli shek.	3.5238	Russ ruble	5810.5	UAE dirham	3.6705
Egypt. pound	3.3943	Kuw dinar	0.3043	Saudi riyal	3.75	Venez. bolív.	497.25
Fin. markka	5.4893	Malay. ring.	2.6355	Sing. $	1.4718		

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6345	1.6345	1.6325	Japanese yen	118.39	117.87	117.35
Canadian dollar	1.3732	1.3710	1.3689	Swiss franc	1.5174	1.5067	1.5010
Deutsche mark	1.8444	1.8406	1.8371				

Sources: ING Bank (Amsterdam); Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque de France (Paris); Bank of Tokyo-Mitsubishi (Tokyo); Reuters.

CYBERSCAPE

German Company's On-Line Stock Sale Raises Eyebrows

By Renee S. Cordes
Bloomberg News

FRANKFURT — Internet 2000, a German software developer, avoided the delays and huge costs of a stock-exchange listing when it issued 1,000 new shares for sale on the World Wide Web in June.

But the company, which raised 350,000 Deutsche marks ($189,425) in the sale, also raised a few eyebrows because it did not issue a prospectus before the offer — causing regulators to wonder why and stockbrokers to regard the issue with skepticism.

Internet 2000's experience underscores the promise and pitfalls of conducting new forms of commerce over the worldwide computer network, where regulation sometimes has not caught up with commercial potential.

German law requires companies to issue a prospectus before a share sale. Though Internet 2000 has not been accused of doing anything illegal, it is discussing its share issue with German regulatory officials.

"We have to comply with all the rules and regulations of a shareholding company," Axel Schultze, president and founder, said.

Mr. Schultze, a co-founder and former co-chief executive of Computer 2000, a computer distributor now owned by VIAG AG, said his intention in launching an Internet sale was to start small.

"We thought at the beginning we would just sell the shares to a very limited group of investors," namely the company's clients and associates, Mr. Schultze said.

One of the attractions was the glowing predictions the company makes about its growth prospects. It is projecting 3 billion DM in sales this year from 300,000 DM in 1996, its first year of operation. Profit in 1996 was 10 percent of sales, or 30,000 DM, according to the company. In three years, the company is projecting 18 million DM in revenue, with an 8 percent profit margin.

In the sale, investors were required to buy at least one package, comprised of 10 shares, at a cost of 375 DM per share, making the minimum purchase 3,750 DM. Buying a packet of shares involved little more than printing out a contract available through Internet 2000's Web site, filling it out and making a bank transfer to Deutsche Bank AG's Munich branch.

After discovering that interest in the shares went far beyond a small circle, the company contacted the Federal Supervisory Office for Securities Trading in Frankfurt to ensure that it was complying with German law. The talks have been "informal," Mr. Schultze said.

A regulatory authority spokesman said that Internet 2000 was one of two companies conducting or planning share sales through the Internet. Under German law, a company selling shares in a so-called *freie emission* must issue a prospectus three days before telling potential investors about the sale, the spokesman said. The prospectus includes such information as the company's assets and liabilities, plans for the proceeds of the sale and the possible risks of investment.

A bill to be discussed by the German cabinet later this month would raise the fine for violating the law from 50,000 DM now to 1 million DM.

The company — which employs 10 people in the Bavarian capital — is limiting the second part of the share sale to German residents. It said it planned to issue a prospectus before selling another 1,000 shares.

But until more information is released, analysts are skeptical about the share offer. "These are the kinds of things most brokerage houses would shy away from, simply because it's too risky," said Roderick Hinkel, German strategist at HSBC James Capel in London.

How will the 40 current shareholders go about determining what the stock is really worth, or if there will be a market for trading it? "These are questions, I must honestly say, I really can't answer today," Mr. Schultze said. "The Internet medium, for all its chances, also poses many risks."

At the moment, Mr. Schultze said, the company does not have any provisions in place for a so-called market maker, normally a brokerage house or investment bank which guarantees a match between bids and offers.

For the time being, Internet 2000 is creating a place on its Web site where buyers can put their bids for shares and where shareholders can place their offers. Trading is to begin Oct. 1.

Internet address: CyberScape@iht.com.

CAPITAL MARKETS ON MONDAY

Investors Remain Bullish on Bonds

Compiled by Our Staff From Dispatches

NEW YORK — For weeks, investors have been pushing interest rates lower and stock prices higher on the belief that the economic outlook was a combination of moderate growth and low inflation.

But on Friday, the unemployment and the National Association of Purchasing Management's reports for July indicated that growth is not moderating as much as investors had thought.

This raised thoughts of inflation. How much longer could the Federal Reserve Board hold off raising interest rates, investors wondered? And they ran for the hills.

In the sharpest sell-off in the bond market in more than a year, the price of the benchmark 30-year Treasury bond dropped 2 4/32 points, or $21.25 per $1,000 bond, to 102 8/32, which pushed the yield to 6.45 percent, up 15 basis points from Thursday.

The sharp drop in prices marked the first setback in a week for bonds, which just finished their best month since May 1995. But even after setback on Friday, 30-year bond yields were unchanged from a week ago, and 29 basis points lower than a month ago.

Yet analysts predicted that optimism would prevail among bond investors this week unless there was confirmation in reports such as producer and consumer price indexes that economic strength and tight job markets would spur inflation.

U.S. CREDIT MARKETS

"I don't think anyone is going to panic," said Kevin Flanagan, money market economist at Dean Witter Securities. "All you did was remove some exuberance from the bond market that you saw this week."

Although bond investors are expected to remain bullish in the long run, it would not be surprising to see long-term yields in a 6.50 percent to 6.60 percent range as prices bottom out before moving to new highs, said David Lundgren, an analyst at Technical Data in Boston.

Despite the an unemployment rate of 4.8 percent, a 24-year low, and stronger-than-expected growth in jobs, which amplified inflation fears, numbers on the labor market contained encouraging news: wage increases were still tame.

Moderate wage growth combined with productivity gains and competition have held down inflation by keeping manufacturers from raising prices. Wholesale and consumer inflation for July should reflect those benefits, said Lynn Reaser, chief economist at Barnett Banks, in Jacksonville, Florida.

Traders said the market would remain wobbly early in the week, but that bond prices would rebound after the quarterly refunding auctions on Thursday.

(Bridge News, NYT, AP)

What Price Civic Sports Pride?

Cities That Shell Out to Keep Teams May End Up Losing

By Richard Perez-Pena
New York Times Service

ALBANY, New York — Have New York and Los Angeles been wounded by the loss of their National Football League teams? Have Jacksonville, Florida, and Indianapolis been reinvigorated by gaining such teams? Is civic pride reason enough to invest millions of dollars, usually tax-exempt, to keep a profit-making sports team from fleeing?

New York state lawmakers have rekindled interest in such questions by agreeing to invest $75 million from the state budget in the improvement of Rich Stadium to keep the Buffalo Bills from leaving the state.

In an era when sports teams have perfected the dance to get hold of tax dollars by threatening to jump cities unless they are given lavish new homes at public expense, many cities have debated the merits of giving in to such demands.

'There just doesn't seem to be much of an economic impact created either by bringing a team to a community or by keeping a team.'

It is an immediate concern in New York City, where the owner of the Yankees, George Steinbrenner, has threatened to leave town when the team's lease at Yankee Stadium expires in 2002. Mayor Rudolph Giuliani has supported the idea of building the Yankees a new home, for $1 billion, above a rail yard west of Pennsylvania Station in Manhattan.

But many economists who have studied the issue have concluded that cities and states almost never gain by giving in to teams' demands for new stadiums.

"Any politician who says this is sound economic development is either misinformed or lying," said Andrew Zimbalist, a professor of economics at Smith College who is writing a book on the subject with Roger Noll of the Brookings Institution.

Senator Daniel Patrick Moynihan, Democrat of New York, has introduced legislation that could make city-hopping harder for teams by barring local and state governments from using tax-exempt bonds to build sports arenas.

Sports teams produce little or no net increase in economic activity in a city, critics contend; rather, they take money away from other forms of entertainment people might spend it on, like eating out or going to the movies.

And, the critics argue, an investment of hundreds of millions of dollars in a new stadium is far out of proportion to the meager commerce the stadium would, by itself, produce. "There just doesn't seem to be much of an economic impact created either by bringing a team to a community or by keeping a team in a community," said Robert Baade, an economist at Lake Forest College in Illinois.

"And when you take into account that the money spent on a stadium could be invested in roads or bridges or industrial parks or schools, all of which have much greater return, it may well be that stadium-building actually has a negative economic impact."

Despite such arguments, elected officials routinely refer to money spent to keep sports teams as an important form of economic development.

Trumpeting the Bills' deal in Buffalo on Thursday, Governor George Pataki, said, "We will do what Los Angeles, Cleveland and Houston could not: hold onto our NFL team in this era of franchise free agency."

Analysts said that a project like Buffalo's, which merely upgrades an existing stadium with luxury boxes and other amenities, is less of a boondoggle than building an entirely new stadium. But the deal only obligates the Bills to stay for one to six years, depending on a number of factors, though there would be financial penalties for leaving Buffalo before 14 years.

In general, the analysts said, a baseball team is a better investment for a city than a football team because a baseball team plays 81 home games a year in the regular season, compared with the eight home games played in football.

Economists note that a major sports team has only about 100 full-time, year-round employees, and, while several hundred more may work at the stadium during the season, most are in low-paying jobs and work only on game days or during such special events as concerts.

And there is some benefit to businesses in the surrounding neighborhoods.

But even accounting for that, Mr. Zimbalist said, a sports team produces "the level of employment of a large department store."

Retaining or attracting a team through stadium building has certain undeniable attractions: It generates a large number of construction jobs for a few years, and it can bolster a city's self image.

"When cities go to great lengths to keep these teams, I think it's all about a municipal macho," said New York State Senator Franz Leichter, a Manhattan Democrat. "And that's just not a good enough reason."

Most Active International Bonds

The 250 most active international bonds traded through the Euroclear system for the week ending Aug. 1. Prices supplied by Telekurs.

Argentine Peso

Rnk Name	Cpn	Maturity	Price	Yield
177 Argentina FRN	3.341	04/01/07	110.0000	3.0400
241 Argentina FRN	3.341	04/01/01	127.0000	2.6300

Austrian Schilling

Rnk Name	Cpn	Maturity	Price	Yield
236 Austria	4⅝	05/23/02	99.9000	4.6300

Belgian Franc

Rnk Name	Cpn	Maturity	Price	Yield
234 Belgium	9	03/28/03	119.9400	7.5000

British Pound

Rnk Name	Cpn	Maturity	Price	Yield
130 Britain	7	06/07/02	100.0000	7.0000
141 Britain	7¼	12/07/07	102.1870	7.0900
210 Fannie Mae	6.43	03/22/01	96.3374	6.6700
229 Chester AR FRN	7.135	09/24/06	99.9300	7.1400
239 Abbey National	6	08/10/99	97.3750	6.1600

Canadian Dollar

Rnk Name	Cpn	Maturity	Price	Yield
195 Canada	7¼	06/01/07	110.6507	6.5500

Danish Krone

Rnk Name	Cpn	Maturity	Price	Yield
4 Denmark	8	03/15/06	114.5200	6.9900
15 Denmark	7	11/15/07	107.5000	6.5100
22 Denmark	8	05/15/03	113.8300	7.0300
27 Denmark	7	12/15/04	108.6100	6.4500
29 Denmark	9	11/15/00	113.2800	7.9400
33 Denmark	7	11/10/24	104.1000	6.7200
36 Denmark	6	11/15/02	104.8100	5.7200
37 Denmark	8	11/15/01	112.2500	7.1300
40 Denmark	9	11/15/98	105.9400	8.5000
72 Denmark	6	12/10/99	103.8600	5.7800
93 Nykredit 3 Cs	6	10/01/26	93.5000	6.4200
139 Real Kredit	6	10/01/26	93.5000	6.4200
152 Denmark	7	02/15/98	101.6600	6.8900
153 Denmark	6	02/15/99	102.8500	5.8300
191 Nykredit	7	10/01/29	98.0500	7.1400

Deutsche Mark

Rnk Name	Cpn	Maturity	Price	Yield
1 Germany	6	07/04/07	103.7798	5.7800
2 Germany	6½	07/04/27	104.5900	6.2100
3 Germany	6	01/04/07	103.3500	5.8100
5 Germany	6¼	04/26/06	100.8317	6.2000
6 Bundesobligation	4½	02/22/02	99.8922	4.5000
9 Germany 94	6¼	01/04/24	101.0300	6.1900
10 Germany	6½	10/14/05	104.4792	6.2200
11 Germany	8	07/22/02	114.3700	6.9900
12 Germany	8	01/21/02	114.6935	6.9800
13 Germany	6⅞	05/12/05	109.9100	6.2600
14 Germany	3½	06/18/99	99.6000	3.5100
17 Germany	5	08/20/01	97.9522	5.1000
18 Germany	6	01/05/06	104.0000	5.7700
19 Germany	3¾	03/19/99	100.1300	3.7500
23 Germany	4¾	11/20/01	101.1500	4.7000
24 Germany	7¾	01/03/05	110.0814	6.7000
25 Treuhand	7¾	12/02/02	111.9800	6.5900
30 Germany	5¾	08/22/00	104.4475	5.5100
31 Treuhand	7½	09/09/04	113.5600	6.6000
32 Germany	5	05/21/01	102.4100	4.8800
34 Germany	5⅞	05/15/00	104.6600	5.6100
35 Germany	8⅞	12/20/00	111.1749	7.9800
38 Germany	9	10/20/00	114.0200	7.8900
39 Germany	8¼	08/20/01	113.4347	7.7100
41 Treuhand	6½	04/23/03	107.9500	6.0200
42 Germany	8⅜	05/21/01	110.6426	7.5700
43 Treuhand	6¾	05/13/04	109.2100	6.1800
46 Germany	6½	07/15/03	107.9642	6.0200
48 Germany	8¼	09/20/01	113.8069	7.2500
49 Treuhand	6⅝	07/09/03	108.5700	6.1000
50 Treuhand	7⅛	01/29/03	110.8600	6.4300
52 Germany	3½	12/18/98	99.9500	3.5000
53 Germany	8½	02/20/01	113.4100	7.4900
54 Germany	zero	07/04/27	15.3600	6.4600
55 Treuhand	7¾	10/01/02	110.4734	7.0200
57 Treuhand	6¼	03/04/04	103.7306	6.0300
59 Treuhand	6⅞	06/11/03	109.7600	6.2600
61 Germany	6	02/16/06	104.0133	5.7700
63 Germany	6¾	07/15/04	109.3800	6.1700
67 Germany	5⅛	11/21/00	102.7300	4.9900
69 Germany	6	09/15/03	105.7360	5.6700
70 Germany	9	01/22/01	114.8100	7.8400
73 Germany	3½	09/18/98	100.0500	3.5000
75 Germany	7½	11/11/04	113.7167	6.6000
76 Germany	7⅛	12/20/02	109.3895	6.5100
77 Germany	8½	08/21/00	112.1267	7.5800
81 Germany	8¾	07/20/00	112.6040	7.7700
86 Treuhand	5	12/17/98	101.8800	4.9100
87 Citibank CCMT	5¾	07/16/07	100.1429	5.7400
88 Germany	6	02/20/98	101.4700	5.9100
90 Germany	6⅝	01/20/98	101.5400	6.5200
91 Germany	7	01/13/00	107.0625	6.5400
92 Germany	6	06/20/16	99.7960	6.0100
94 Treuhand	6⅛	07/01/99	104.7500	6.0900
95 Germany	6¼	03/15/00	106.0500	6.1300
96 Germany	6¾	04/22/03	109.1775	6.1800
97 Germany	5¼	02/21/01	103.0900	5.0900
102 Treuhand	5	01/14/99	101.9300	4.9100
106 Germany	8¾	05/22/00	112.1500	7.8000
107 Allianz Intl Fin	5⅛	07/30/07	100.2650	5.7300
108 Treuhand	6	11/12/03	105.3600	5.6900
115 Germany	6¾	09/15/99	105.9800	6.3700
116 Germany	5¼	10/20/98	102.0800	5.1400
118 Germany	7¼	10/21/02	111.2900	6.5100
123 Germany	6½	01/02/99	103.9000	6.2600
124 Germany Tbills	zero	01/16/98	98.6280	3.0300
126 Germany	5¾	08/20/98	102.4000	5.6200
127 Germany	5⅝	02/22/99	102.6067	5.2400
129 Germany	6⅛	05/20/99	104.1600	5.8800
131 Germany	7¼	01/20/00	107.5900	6.7400
134 Germany	6⅜	05/20/98	102.4000	6.2300
135 Germany	6⅞	12/02/98	104.2500	6.5900
137 Treuhand	6¼	07/29/99	104.7200	5.9700
140 Germany	6⅞	02/24/99	104.8100	6.5600
154 Treuhand	6⅛	03/26/98	101.7980	6.0200
155 Treuhand	5⅝	09/24/98	102.3700	5.4900
158 Germany Tbills	zero	10/17/97	99.4088	2.7400
165 Treuhand	5¾	04/29/99	103.4200	5.5600
167 Germany	7	12/22/97	101.4200	6.9000
171 Belgium	zero	10/22/97	98.6894	5.9000
175 Germany	6⅞	11/20/98	103.5200	6.1600
181 Germany	7	09/20/99	106.4200	6.5800
186 Germany	zero	01/04/24	19.0000	6.4800
189 Germany	5¼	05/28/99	103.5200	5.5500
198 Germany FRN	2.871	09/30/04	96.9528	2.9600
202 Germany	6	04/20/98	101.8700	5.8900
208 Germany FRN	2.95	04/06/00	99.7400	2.9600
209 Italy	5¾	07/10/07	101.3482	5.6700
217 Treuhand	6⅛	06/25/98	102.4400	5.9800
225 LB Schlsw Holst	5⅝	07/30/07	99.1500	5.6700
248 Russia	9	03/25/04	103.6500	8.6800

Dutch Guilder

Rnk Name	Cpn	Maturity	Price	Yield
44 Netherlands	5¾	02/15/07	101.9500	5.6400
47 Netherlands	6¼	07/15/98	102.4500	6.1000
68 Netherlands	7½	06/15/99	106.4000	7.0500
84 Netherlands	9	01/15/01	114.5000	7.8600
85 Netherlands	7½	01/15/23	116.8500	6.4200
101 Netherlands	6	01/15/06	104.1500	5.7600
105 Netherlands	5¾	01/15/04	103.7500	5.5400
109 Netherlands	8¼	06/15/02	115.1000	7.1700
111 Netherlands	5¾	09/15/02	104.2500	5.5200
120 Netherlands	8¼	02/15/02	114.4500	7.2100
122 Netherlands	7	03/15/99	104.8500	6.6800
133 Netherlands	8½	06/01/06	121.3500	7.0000
143 Netherlands	8¾	09/15/01	115.6000	7.5700
144 Netherlands	8½	03/15/01	113.3500	7.5000
157 Netherlands SP	zero	01/15/23	19.4500	6.6400
159 Netherlands	7½	04/15/10	116.2000	6.4500
163 Netherlands	6¾	11/15/05	109.1000	6.1900
164 Netherlands	8¼	02/15/00	109.7500	7.5200
173 Netherlands	7	02/15/03	110.3000	6.3500
179 Netherlands	7	06/15/05	110.7500	6.3200
180 Netherlands	6¾	02/15/99	104.2500	6.4700
211 Netherlands	6½	07/15/98	102.6500	6.3300
215 Netherlands	zero	08/29/97	99.7405	3.0100
227 Netherlands	7¾	01/15/00	108.3500	7.1500
228 Netherlands	7½	11/15/99	107.5500	6.9700
244 Netherlands	6⅜	10/01/98	103.4000	6.5300

ECU

Rnk Name	Cpn	Maturity	Price	Yield
74 France OAT	5½	04/25/07	98.5000	5.5800
110 France B.T.A.N.	4½	07/12/02	97.7200	4.6000
114 Britain T-bills	zero	08/14/97	99.8367	3.8000
142 France OAT	6	04/25/04	103.9300	5.7700
145 Britain	4	01/28/00	98.7100	4.0500
183 Britain	9⅛	02/21/01	116.1500	7.8600
185 France OAT	8½	03/15/02	113.6700	7.4800
196 France B.T.A.N.	6	03/16/01	104.0900	5.7600
224 France OAT	7	04/25/06	108.8750	6.4300
237 France BTAN	5	03/16/99	100.9300	4.9500
238 France OAT	7½	04/25/05	112.4600	6.6700

Finnish Markka

Rnk Name	Cpn	Maturity	Price	Yield
200 Finland	11	01/15/99	109.9932	10.0000
206 Finland	7¾	04/18/06	110.1064	6.5800

French Franc

Rnk Name	Cpn	Maturity	Price	Yield
119 Daimler Benz	3½	01/01/02	103.9391	3.3700
136 France OAT	5½	04/25/07	101.0400	5.4400
220 France BTAN	4¾	04/12/99	101.5800	4.6800
230 France OAT	7¾	10/25/05	116.9300	6.6300
249 France OAT	8½	11/25/02	118.0000	7.2000

Italian Lira

Rnk Name	Cpn	Maturity	Price	Yield
151 EIB	9	02/15/07	101.7500	8.8500
226 Italy	8½	08/01/99	104.0300	8.1700
231 Italy	6	02/15/00	100.5200	5.9700
247 BadWuert Land	9	03/05/04	100.1250	8.9900

Japanese Yen

Rnk Name	Cpn	Maturity	Price	Yield
128 NTT	2½	07/25/07	99.3080	2.5200
204 Nip Cred Bk Fm	1.029	07/31/00	99.5091	1.0300
212 World Bank	4½	03/20/03	114.8197	3.9200
218 Japan Dev Bk	6½	09/20/01	120.3750	5.4000
222 Italy Class B	5	12/15/04	118.7500	4.2100
233 Spain	3.10	09/20/06	106.0000	2.9200
242 Exim Bk Japan	2⅞	07/28/05	105.2500	2.7300

Portuguese Escudo

Rnk Name	Cpn	Maturity	Price	Yield
166 Portugal FRN	zero	08/01/00	103.2996	

Spanish Peseta

Rnk Name	Cpn	Maturity	Price	Yield
156 Spain	7.90	02/28/02	110.1140	7.1700
172 Spain	6¾	04/15/00	104.1730	6.4800

Swedish Krona

Rnk Name	Cpn	Maturity	Price	Yield
103 Sweden	11	01/21/99	108.5030	10.1400
113 Sweden	5½	04/12/02	99.2850	5.5400
174 Sweden 1036	10¼	05/05/00	112.5070	9.1100
176 Sweden	6	02/09/05	99.1330	6.0500
188 Sweden	10¼	05/05/03	120.9190	8.4800
221 Sweden	6½	10/25/06	101.1950	6.4200
232 Sweden	13	06/15/01	125.4260	10.3600

U.S. Dollar

Rnk Name	Cpn	Maturity	Price	Yield
7 Brazil Cap S.L	4½	04/15/14	95.3313	4.7200
8 Argentina par L	5½	03/31/23	75.6634	7.2700
16 Brazil L FRN	6⅞	04/15/06	92.1319	7.4600
20 Mexico	11½	05/15/26	117.9054	9.7500
21 Argentina FRN	6¾	03/29/05	92.1500	7.3300
26 Argentina	11¾	01/30/17	118.7782	9.5800
28 Brazil	10⅛	05/15/27	101.3750	9.9900
45 Venezuela FRN	6¾	12/18/07	93.3317	7.2300
51 Ecuador par	3½	02/28/25	54.3750	6.4400
56 Venezuela par A	6¾	03/31/20	83.6250	8.0700
58 Brazil FRN	6 9/16	01/01/01	77.7055	8.7700
60 Russia	10	06/26/07	103.1275	9.7000
62 Mexico	9⅞	01/15/07	108.1581	9.1300
64 Mexico par B	6¼	12/31/19	82.5493	7.5700
65 Brazil par ZI	5¼	04/15/24	69.8874	7.5100
66 Mexico par A	6¼	12/31/19	82.5000	7.5800
71 Brazil FRN	6 5/16	04/15/12	83.5000	8.3100
78 Brazil FRN	6⅞	04/15/24	81.6054	8.4200
79 Bulgaria FRN	6 11/16	07/28/11	75.5292	8.8500
80 Ecuador FRN	3¼	02/28/15	72.8417	4.4600
82 Christiania FRN	5¾	07/18/00	99.7800	5.7600
83 Argentina FRN	6⅞	03/31/23	90.0000	7.6400
89 Mexico	11¾	09/15/16	118.7500	9.5800
98 Brazil S.L FRN	6 5/16	04/15/09	88.7335	7.8200
99 Toyota Motor	6¼	07/22/02	99.4877	6.2800
100 Peru PdI	4	03/07/17	66.2500	6.0400
104 Ecuador FRN	6 7/16	02/28/25	79.2036	8.1300
112 Bulgaria FRN	6 11/16	07/28/24	79.3079	8.4300
117 Brazil	6	09/15/13	80.1800	7.4800
121 Argentina FRN	5.711	04/01/01	129.2000	4.4200
125 Argentina	11	10/09/06	114.7997	9.5800
132 Russia	9¼	11/27/01	102.5921	9.0200
138 Daimler Benz	5	01/01/02	103.9861	4.8100
146 Bco Com Ext.	7¼	02/02/04	95.1250	7.6200
147 Brazil	4½	04/15/14	95.8656	4.6900
148 Opus III FRN	zero	07/29/04	101.3903	0.0000
149 Argentina FRN	5.711	09/01/02	119.4000	4.7800
150 Sallie Mae	4½	08/02/99	97.3750	4.6200
160 Fst Natl Bk Chic	7	05/08/00	102.0000	6.8600
161 Credit Local	6½	02/18/04	100.9332	6.4400
162 Italy	6⅞	09/27/23	100.9784	6.8100
168 Venezuela B	6¾	03/31/20	83.7492	8.0600
169 Canada	6⅛	07/15/02	100.4311	6.1000
170 Bulgaria	2¼	07/28/12	62.5156	3.6000
178 Panama FRN	4	07/17/16	89.8466	4.4500
182 Mexico A FRN	6.867	12/31/19	95.0000	7.2300
184 Centauri	zero	01/12/98	96.8459	7.3000
187 Bayerische LB	6⅝	06/25/07	101.4044	6.5300
190 Mexico D FRN	6 9/16	12/28/19	95.1513	7.1600
192 Brazil	8⅞	11/05/01	104.3750	8.5000
193 Fin Danish Ind	6¾	06/13/01	101.6250	6.6400
194 Peru	3¼	03/07/17	60.5000	5.3700
197 Mexico B FRN	6.836	12/31/19	96.4189	7.0800
199 Assoc Nth Amer	6⅞	06/20/02	101.8567	6.7500
201 Ecuador FRN	3¼	02/28/15	78.5931	4.1400
203 Mexico FRN	7.055	06/27/02	100.0100	7.0500
205 Argentina	8⅝	05/09/02	101.8750	8.5900
207 GMAC	6¾	07/10/02	101.2500	6.6700
213 Argentina FRN	5.711	04/01/07	121.6000	3.8600
214 Santander FRN	6.775	12/31/99	99.7800	6.7900
216 Argentina	8⅜	12/20/03	102.6323	8.1600
219 CADES	6½	03/11/02	101.2581	6.4200
223 Philippines Fix	8⅝	10/07/16	103.0468	8.4900
235 Sweden	6¾	05/27/04	102.8750	6.5600
240 Trikem	10⅝	07/24/02	101.1997	10.4900
243 IADB	6⅜	06/27/02	101.1323	6.3000
245 Espirito Sto Elec	10	07/15/07	101.6533	9.8400
246 Cia Saneamento	10	07/28/05	101.5000	9.8500
250 JFCME	6¾	07/03/07	102.2500	6.6000

New International Bond Issues

Compiled by Laurence Desvilettes

Issuer	Amount (millions)	Mat.	Coup. %	Price	Price end week	Terms
Floating Rate Notes						
Banco Rio de la Plata	$500	1998	0.55	100.00	—	Over 1-month Libor. Noncallable. Also $80 million, due 1999 and paying 0.75 over 6-month Libor. Fees not disclosed. Denominations $10,000. (Citibank Int'l.)
Chase Manhattan Bank	$500	2002	0.05	99.913	—	Over 3-month Libor. Noncallable. Fees 0.175%. (Chase Manhattan Int'l.)
Hanil Bank	$100	2000	0.20	100.00	—	Interest will be 0.20 over 3-month Libor until Nov., when issue is redeemable at par, thereafter 0.45 over. Reoffered at 99.975. Fees 0.10%. Denominations $100,000. (Lehman Brothers Int'l.)
Santander Int'l	$500	2002	libor	100.074	—	Interest will be the 3-month Libor. Noncallable. Fees 0.20%. (Morgan Stanley Int'l.)
Sibneft	$125	2000	4.00	100.00	—	Over 3-month Libor. Noncallable. Fees 1½%. Denominations $100,000. (Salomon Brothers Int'l.)
Fokus Bank	DM250	2004	⅛	100.011	—	Over 3-month Libor. Noncallable. Fees 0.20%. Denominations 100,000 marks. (UBS.)
Robert Fleming Capital	DM400	2002	1/16	99.83	—	Over 3-month Libor. Noncallable. Fees 0.20%. (Morgan Stanley Int'l.)
Residential Mortgage Securities 1	£79.2	2034	0.15	99.92	—	Interest will be 0.15 over 3-month Libor until 2007, thereafter 0.40 over. Average life 3.9 years. Fees 0.30%. (Nomura Int'l.)
Cabco Finance	ITL450,000	2013	0.15	100.00	—	Over 6-month Libor. Average life 9.6 years. Fees 0.20%. (Cariplo.)
SCCR Series 2 Capital One	ITL720,000	2002	0.01	100.00	—	Over 3-month Libor. Noncallable. Fees 0.25%. (J.P. Morgan Securities.)
Fixed-Coupons						
Argentina	$500	2003	8⅜	102.034	—	Noncallable. Fungible with outstanding issue, raising total amount to $1.5 billion. Fees not disclosed. (Salomon Brothers Int'l.)
Axa S.A. de CV	$200	2004	9	99¼	—	Semiannually. Noncallable. Fees 0.75%. (Chase Manhattan Int'l.)
Banco Credibanco	$100	2005	7¾	99.921	—	Interest will be 7¾% until 2000, when issue is redeemable and callable at par, 7¾% until 2002, thereafter 8%. Fees 0.50%. (Barclays de Zoete Wedd.)
Banco de Credito Nacional	$100	2005	8⅛	99¾	—	Redeemable at 99.70 in 2000. Fees 0.75%. (UBS.)
Banco General	$115	2002	7.70	99.957	—	Noncallable. Fees 1¼%. Denominations $10,000. (Credit Suisse First Boston.)
Guatemala	$150	2007	8½	99.6084	—	Semiannually. Noncallable. Fees 0.75%. Denominations $10,000. (BankBoston.)
Industrial Finance Corp. of Thailand	$250	2002	7⅛	99.925	—	Noncallable private placement. Fees not disclosed. (Lehman Brothers Int'l.)
Industrial Finance Corp. of Thailand	$250	2007	7	99.717	—	Private placement redeemable at par in 2002. Fees not disclosed. (Lehman Brothers Int'l.)
Pasa Perez Companc	$100	2002	7⅞	99.742	—	Semiannually. Noncallable. Fees 0.50%. Denominations $50,000. (Lehman Brothers Int'l.)
Sideco Americana	$100	2002	open	open	—	Semiannually. Noncallable. Fees 1%. Denominations $10,000. (Bear Stearns Int'l.)
Tjiwi Kimia Finance Mauritius	$600	2004	10	99.455	—	Noncallable. Fees not disclosed. (Goldman Sachs Int'l.)
Yapi Kredi Finance	$150	2002	10	100.00	—	Semiannually. Noncallable. Fees 1¼%. (UBS.)
DSL Bank	DM1,500	2007	5⅝	102.10	—	Reoffered at 99.425. Noncallable. Fees 2¼%. (ABN-AMRO Hoare Govett.)
ICI Investments	£300	2007	7⅝	100.754	—	Reoffered at 99.154. Noncallable. Fees 2%. (Barclays de Zoete Wedd.)
Dresdner Finance	FF1,000	2012	5⅞	99.785	—	Noncallable. Fees 0.40%. (Banque Nationale de Paris.)
General Electric Capital Corp.	FF1,500	2011	5¾	99.009	—	Noncallable. Fees 0.375%. (Banque Paribas.)
Goldman Sachs Overseas Finance	FF1,000	2009	6	99.515	—	Noncallable. Fees 0.45%. (Caisse des Depots et Consignations.)
Depfa Bank	ITL200,000	1999	6	101.15	—	Reoffered at par. Noncallable. Fees 1¼%. (Credito Italiano.)
Dresdner Bank	ITL300,000	2002	6	101.795	—	Noncallable. Fees 1⅛%. (Banque Nationale de Paris.)
European Investment Bank	ITL300,000	2007	9	103.42	—	Interest will be 9% until 1999, thereafter 5¼%. Noncallable. Issue may be redenominated in euros after EMU. Fees 1⅞%. Fungible with outstanding issue, raising total amount to 1.8 trillion lire. (Banca Nazionale del Lavoro.)
General Electric Capital Corp.	ITL150,000	2002	6⅛	102.735	—	Noncallable. Fungible with outstanding issue, raising total amount to 450 billion lire. Fees 1[illegible]. (Banca Commerciale Italiana.)
Credit Local de France	ECU50	2002	5¼	102¼	—	Noncallable. Fungible with outstanding issue, raising total amount to 150 million Ecus. Fees 1⅞%. (Banque Int'le a Luxembourg.)
Development Bank of South Africa	SAR2,500	2027	zero	2¾	—	Yield 12.64%. Noncallable. Fungible with outstanding issue, raising total face amount to 7.5 billion rand. Fees 0.25%. (Hambros Bank.)
Fannie Mae	Aus$1,000	2007	6⅜	99.635	—	Semiannually. Noncallable. Fees 0.325%. (Merrill Lynch Int'l.)
American Honda Finance	Y10,000	2000	0.25	97.24	—	Noncallable private placement. Fees 0.35%. Denominations 100 million yen. (Sanwa Int'l.)
Greece	Y50,000	2007	2.90	99.76	—	Semiannually. Noncallable. Fees 0.50%. (Goldman Sachs Int'l.)
Greece	Y50,000	2017	3.80	100.00	—	Semiannually. Noncallable. Fees 0.70%. (Goldman Sachs Int'l.)
Merrill Lynch & Co.	Y30,000	2002	2	100¼	—	Noncallable private placement. Fees 0.25%. Denominations 100 million yen. (Merrill Lynch [illegible])
Equity-Linked						
Telefonica Europe	$525	2002	2	100.00	—	Semiannually. Redeemable at maturity at 108.02. Callable at 104.61 in 2000. Convertible at [illegible] pesetas per share, a 20% premium, and at 154.47 pesetas per dollar. Fees 1[illegible]. Denominations $10,000. (Morgan Stanley Int'l.)

The Week Ahead: World Economic Calendar, Aug. 4-8

A schedule of this week's economic and financial events, compiled for the International Herald Tribune by Bloomberg Business News

	Asia-Pacific	Europe	Americas
Expected This Week	**Tokyo:** Taro Aso, director-general and state minister for the Economic Planning Agency, leaves for the United States to attend the 26th economic consultation meeting between the Economic Planning Agency and the Council of Economic Advisers in Washington on Tuesday.	**Madrid:** Bank of Spain releases July foreign reserves; July car sales. **Dresden:** Ifo Institute releases economic forecasts for 1997 and 1998. **Vienna:** July unemployment data. **Earnings expected:** National Westminster Bank PLC, KLM Royal Dutch Airlines, British Petroleum PLC.	**Abbotsford, British Columbia:** Airshow Canada, an international aerospace and aviation trade show, including over 500 exhibitors. Participants include U.S. Commerce Secretary William Daley. Wednesday to Sunday.
Monday Aug. 4	**Bangkok:** Commerce Ministry reports July consumer price index. **Hong Kong:** Estimates for gross domestic product for the first quarter. **Tokyo:** The Bank of Japan releases average lending rates for June.	**Bonn:** Economics Ministry to publish June industrial output figures. **Earnings expected:** Pearson PLC, Midland Bank PLC, HSBC Holdings PLC, Scania AB, Nokia Oy, British Airways PLC.	**Buenos Aires:** Inflation and cost of construction figures for July. **Washington:** U.S. Agriculture Department releases weekly report on planting progress for seven crops. **Lima:** June gross domestic product.
Tuesday Aug. 5	**Manila:** National Statistics Office releases July inflation rates. **Tokyo:** The Economic Planning Agency releases survey results on consumer groups; June figures on household spending; monthly outlook on the economy.	**Bonn:** June manufacturing orders figures. **Moscow:** Government announces winner of a controlling 38 percent stake in RAO Norilsk Nickel. **Paris:** June industrial price index. **Rome:** July final consumer prices.	**Brasilia:** July trade balance. **New York:** LJR Redbook Research service releases weekly survey of total sales at more than 20 department, discount and chain stores in the United States. **Earnings expected:** Amdahl Corp.
Wednesday Aug. 6	**Tokyo:** Electronic Industry Association of Japan releases sales figures on VCR and color-television shipments for June; Japan Automobile Importers Association releases sales figures for July; trade figures for the first 20 days of the July.	**Copenhagen:** May current-account and trade balance **Nuremberg:** Federal Labor Office publishes July unemployment report. **Paris:** Insee releases business confidence survey for second quarter.	**Washington:** The Mortgage Bankers Association of America releases its weekly report on mortgage applications; Department of Energy issues weekly report on U.S. petroleum stocks, production, imports and refinery utilization.
Thursday Aug. 7	**Singapore:** Keppel Corp. holds a meeting to raise share capital and authorize dividend payments. **Sydney:** July labor force figures. Tokyo: Machine Tool Builders Association releases figures on machine tool orders for June.	**Paris:** July household confidence survey. **Stockholm:** Second-quarter gross domestic product figures **Earnings expected:** Barclays, Royal Dutch Petroleum, Schering AG, Nycomed, Investor AB, Veba AG.	**Mexico City:** June trade balance; July inflation rate. **Washington:** Labor Department reports initial weekly state unemployment compensation insurance claims; Federal Reserve System reports weekly money supply.
Friday Aug. 8	**Tokyo:** Bank of Japan releases wholesale price figures for July; Economic Planning Agency releases figures on machine orders for June; Ministry of Finance releases figures on current account balance for June.	**Amsterdam:** July consumer price figures and June industrial sales data. **Bern:** July unemployment figures **Rome:** Istat releases June industrial production numbers. **Earnings expected:** Astra AB, Egis	**Bellevue, Washington:** Federal Reserve Bank of San Francisco's president Robert Parry speaks on the economic outlook for the United States and the Pacific Northwest. **Washington:** Weekly report on U.S. commercial and industrial loans.

Last Week's Markets

Stock Indexes

	Aug. 1	July 25	% Ch'ge
United States			
DJ Indus.	8,194.04	8,113.14	+0.99
DJ Util	233.49	231.88	+0.69
DJ Trans.	2,951.30	2,906.11	+1.55
S & P 100	923.26	917.82	+0.59
S & P 500	947.14	938.79	+0.89
S & P Ind	1,112.26	1,107.16	+0.46
NYSE Cp	490.99	486.80	+0.86
Nasdaq Cp	1,594.32	1,569.63	+1.57
Japan			
Nikkei 225	19,804.38	20,389.54	−2.87
Britain			
FTSE 100	4,899.30	4,851.50	+0.99
Canada			
TSE Indus.	6,857.50	6,777.10	+1.19
France			
CAC 40	3,049.44	3,025.94	+0.78
Germany			
DAX	4,408.79	4,317.64	+2.11
Hong Kong			
Hang Seng	16,379.22	15,658.12	+4.61
World			
MSCIP	981.85	975.74	+0.63

World index from Morgan Stanley Capital Int'l Perspective

Money Rates

	Aug. 1	July 25
United States		
Discount rate	5.00	5.00
Prime rate	8½	8½
Federal funds rate	5½	5½
Japan		
Discount	0.50	0.50
Call money	0.44	0.53
3-month interbank	0.59	0.61
Britain		
Bank base rate	6¾	6¾
Call money	6¾	6⅞
3-month interbank	7 1/16	6 15/16
France		
Intervention rate	3.10	3.10
Call money	3⅛	3⅛
3-month interbank	3 [illegible]	3 5/16
Germany		
Lombard	4.50	4.50
Call money	3.10	3.05
3-month interbank	3.21	3.17

Gold	Aug. 1	July 25	% Ch'ge
London p.m. fix $	324.10	324.10	Unch.

Euromarts

Eurobond Yields

	Aug. 1	July 25	Yr high	Yr low
U.S. $, long term	6.50	6.55	7.09	6.50
U.S. $, mdm term	6.11	6.20	6.84	6.10
U.S. $, short term	5.98	6.04	6.51	5.96
Pounds sterling	7.39	7.48	7.75	7.09
French francs	4.84	4.80	5.05	4.66
Italian lire	6.23	6.21	7.79	6.20
Danish kroner	5.30	5.30	5.93	5.26
Swedish kronor	5.23	5.21	5.61	4.82
ECUs, long term	5.97	5.99	6.42	5.76
ECUs, mdm term	5.23	5.26	5.53	4.76
Can. $	5.72	5.76	6.51	5.70
Aus. $	6.20	6.21	7.86	6.20
N.Z. $	7.30	7.22	8.39	6.96
Yen	1.75	1.90	2.15	1.64

Source: Luxembourg stock exchange

Weekly Sales

Primary Market

	Cedel Bk $	Cedel Bk Non$	Euroclear $	Euroclear Non$
Straights	402.6	965.5	283.2	[illegible]
Convert.	142.2	3.1	21.4	1,19[illegible]
FRNs	909.7	1,320.7	1,110.0	[illegible]
ECP	11,652.5	7,565.5	13,452.2	11,76[illegible]
Total	13,107.0	11,854.8	14,866.8	1[illegible]

Secondary Market

	Cedel Bk $	Cedel Bk Non$	Euroclear $	Euroclear Non$
Straights	23,360.7	22,613.2	102,243.5	31,[illegible]
Convert	1,321.9	1,376.7	2,151.2	49[illegible]
FRNs	24,306.5	9,025.8	51,877.7	[illegible]
ECP	16,268.8	16,577.1	30,925.8	30[illegible]
Total	65,257.9	49,590.9	187,203.6	55[illegible]

Source: Euroclear, Cedel Bank

Libor Rates

	1-month	3-month	6-month
U.S. $	5⅝	5 11/16	5¾
Deutsche mark	3 1/16	3⅛	3 5/16
Pound sterling	7	7⅛	7 5/16
French franc	3⅛	[illegible]	[illegible]
ECU	4	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]

Sources: Lloyds Bank, Reuters

Dull Stocks Make Lively Profit

By Anne Tergesen
New York Times Service

NEW YORK — Judith Vale began her career at Radio Free Europe in the 1970s, critiquing Russian-language news reports that were beamed into the Soviet Union. Then she moved to the Greek island of Hydra, ostensibly painting portraits but mostly swimming, she said. Today, she is a self-taught money manager who specializes in the stocks of small companies.

If Ms. Vale is colorful — at least in the world of portfolio managers — the mutual fund she manages, Neuberger & Berman Genesis, is not. And its dullness, she said, is part of the secret of its success.

In the three years she has run the fund, Ms. Vale has eschewed glamorous but risky high-fliers for sensible, humdrum, even boring companies, as she is fond of saying.

Her aim is to compile a portfolio that avoids the sharp peaks and valleys characteristic of small stocks — those that the market values at $1 billion or less.

The portfolio's companies "will put you to sleep — but we think this is great," Ms. Vale said in her office overlooking lower Manhattan. "We don't want managers that glitter too much and have too much pizzazz."

Pizzazz is certainly not a problem for the 125 stocks in the $855 million fund; many are companies that basically make parts for other companies' products. The fund's biggest investments are in aerospace and energy, and it owns a smattering of stock in smallish banks.

The strategy seems to be working. In the three years since Ms. Vale took command of the fund, the returns of Genesis have averaged 20.3 percent, exceeding the average of all domestic equity funds by 4 percent and the average small-capitalization fund by 6.5 percent, according to Morningstar Inc., the fund trackers.

In championing unexciting but predictable performers and looking for relatively inexpensive stocks, Ms. Vale is bucking the prevailing wisdom among many small-cap managers, who tend to prefer fast-growing concerns and typically own large blocks of technology and other stocks prone to earnings surprises, both positive and negative.

The average domestic small-cap fund invested about 18 percent of its assets in technology stocks as of June 30, according to Morningstar; the figure for Genesis is now about 10 percent, Ms. Vale said.

"Some people think it's sort of an inside-out way of managing money, but we look at the risk in a holding before we look at a return," Ms. Vale said. "I think a significant portion of our performance over the last couple of years has come from simply having far fewer blow-ups than other small-cap managers."

To minimize risk, Genesis follows a few guidelines. First, it looks for companies that have usually posted annual earnings increases of 15 percent to 18 percent for several years. Such steady returns are "a lot more sustainable," Ms. Vale said, than the high-octane performances that receive much attention.

The fund also looks for companies whose stocks are cheap simply because they have been overlooked, not because they are financially frail. Ms. Vale seeks companies that generate excess cash that they can use to finance expansion either internally or by acquisitions or to repurchase stock to increase earnings per share.

She also focuses on a company's return on assets, which helps weed out companies with a lot of debt.

Right now, Ms. Vale is keen on stocks in two areas, energy and commercial aerospace, which are experiencing rising demand for their products. In the case of energy, a protracted period of underinvestment has left drilling capacity tight while technological advances have lowered exploration and drilling costs, she said.

In aviation, the companies that remain after the recent spate of consolidation should see sustained demand, she said, because federal regulations are prompting airlines to replace their aging fleets.

Though these industries are generally sensitive to the economic environment, companies in both sectors enjoy the ability to raise prices — a rarity that should help insure profit growth and protect Genesis shareholders from any economic slowdown, she said.

In energy, one of Ms. Vale's favorites is National-Oilwell Inc. of Houston, which recently bought another of the fund's top holdings, Dreco Energy Services of Edmonton, Alberta. A large maker of equipment for oil rigs, National-Oilwell is poised to benefit from rising energy demand that has recently encouraged oil service and drilling companies to build new rigs, Ms. Vale said. The stock has doubled recently and closed Friday at $61.0625.



Andrea Mohin/The New York Times

Judith Vale, manager of the Genesis Fund.

The fund's largest holding is Thiokol Corp., the Ogden, Utah, maker of parts for commercial aircraft. Most analysts expect Thiokol's earnings for the year ending next June to be about $4.50 a share. But Ms. Vale says that $5 or above is more likely, given the company's solid management and the industry's strong fundamentals.

Another favorite is Aviall Inc. of Dallas, a big independent distributor of new airplane parts. As the industry consolidates, Aviall is poised to remain a leader, Ms. Vale asserted. She predicted that, with sales rising and management containing costs, its earnings should rise 20 percent next year.

The Signals Conflict for Hong Kong Property Buyers

By Philip Segal
Special to the Herald Tribune

HONG KONG — There appears to be a difference of opinion in this town between the real estate market and the market in real estate stocks. Bullish or bearish on property prices, there is now a market to substantiate every view.

While Chief Executive Tung Chee-hwa has pondered how to make Hong Kong's apartments more affordable, business has been so bad for real estate brokers that a branch office of one major agency did not do a single deal in all of July. The fear among buyers has been that stringent measures by Mr. Tung's government would drive prices way down.

Yet stocks in some of the biggest real estate companies in Hong Kong suddenly soared to record high prices last week, even though the government made no announcement on land policy. Is this a case of two markets giving off different signals? Or are stock investors showing the way to a rosier future for real estate?

"Sometimes the stock market is not a rational market," said Shih Wing-ching, general manager of Centaline Properties, a real estate agency with 260 branches in the Hong Kong Special Administrative Region, one of which did no business in July.

Mr. Shih's pessimistic argument is that stock investors overreacted to healthy sales at two developments on the weekend of July 26-27, especially one by Cheung Kong Holdings, a major developer. Because Cheung Kong slashed prices of new apartments in June to levels below what resale ones were going for at the time, the subsequent 10 percent price increase should not be taken as a sign that property prices were bound to rise, Mr. Shih said. "In most other places prices are still under pressure," he said.

The message from government is loud and clear. It doesn't want speculators. But it will take time for the market to absorb it.

On July 28, after the sales that so excited stock investors, the Hong Kong monetary authority said that new regulations to control mortgage lending might not be necessary because the property market had cooled sufficiently.

For stock investors, this made no difference. The yield on the 30-year U.S. Treasury bond fell Thursday to 6.32 percent, the lowest since February 1996, and the chase for real estate stocks was underway. Hong Kong's currency peg to the U.S. dollar means that rates here track those in the United States, and lower rates usually mean better sales of property.

On Friday, the Hang Seng Index rose just 0.08 percent, but property stocks were up 1.1 percent. Sun Hung Kai Properties, a major developer, rose 3.8 percent to reach an all-time high. Cheung Kong rose 1.4 percent, after soaring by 6.5 percent Thursday.

More than two-thirds of the stock market here relies at least in part on earnings from real estate, and these companies have had some catching up to do.

In the year to date, they have underperformed the Hang Seng Index by 13.2 percent, largely because of the stellar performance this year of HSBC Holdings PLC, which makes up close to 25 percent of the index all on its own. Sylvia Wong, analyst at ABN Amro Hoare Govett Asia, said that the sales by Cheung Kong and another developer, Swire Pacific Ltd., were a genuine turning point in the market. But she cautioned that too much enthusiasm among apartment buyers could revive talk of government measures to control prices by driving speculators out of the market. That could send stocks back down again.

"The message from government is loud and clear," she said, "that they don't want speculators. But it will take time for the market to absorb it."

Hong Kong must wait until October to find out what specific measures Mr. Tung intends to take, to make sure Hong Kong professionals will not always have to spend the equivalent of 70 percent of median household income to service a mortgage for a 500-square-foot (46-square-meter) apartment.

So far, his government has been long on promises — to more than double the number of apartments built each year — but short on how this will be accomplished. He has promised that within 10 years, 70 percent of families here can own their own housing, up from 50 percent today.

In the long run, agents and analysts agree that it would not be in Mr. Tung's interest to flood the market with enough new land for development to induce a real estate crash. Not only are the property tycoons here some of his most important political backers, but the Hong Kong government relies on land sales, stamp duties and profits taxes on developers for up to 40 percent of its revenues.

There is one more theory about last week's stock surge: all of the potential buyers who have stayed out of the real estate market the last six weeks are instead buying property stocks, among other shares. With the government taking aim at speculators, "people can make money in the stock market and they've changed direction in their investment," said Jan McNally, director of residential development at the Richard Ellis agency.

PRODUCTIVITY: *Is Technological Input the Magic Wand?*

Continued from Page 11

only one-tenth of 1 percent, to 2.8 percent, not enough to make a difference in productivity.

The revision held another disappointment for the productivity enthusiasts. While the Commerce Department and most economists consider adding together all final sales as the most accurate measure of output, the productivity enthusiasts would prefer to add together "income" — that is, all the wages, salaries, dividends and profits earned in producing the national output.

Theoretically, the "income" measure of GDP should equal the "product" measure. But in recent years, income has been running well ahead of product, suggesting a higher productivity growth rate than government statisticians accept as accurate. The productivity enthusiasts had hoped the revision would close that gap by raising the product calculation to the level of income. That did not happen.

Still, Mr. Greenspan embraces the income approach. Basing his decision on research by two Federal Reserve economists, he has decided that the more accurate measure of national productivity is really contained in a subset of the overall statistic. The overall statistic covers all three private sectors: financial, corporate and noncorporate.

Mr. Greenspan's new favorite measure covers only the corporate sector, leaving out the two others, which he considers harder to measure.

While the overall productivity statistic shows just under 1 percent annual growth in the 1990s, the corporate sector has averaged 1.5 percent, surging to more than 2.5 percent in the last 24 months. While "product" is used to calculate output for overall productivity, the higher "income" calculation determines corporate productivity.

The difference in these two measurements, the Fed said in a just-released report signed by Mr. Greenspan, "raises the possibility that overall productivity is stronger than indicated by the official index for nonfarm business."

To which Mr. Roach of Morgan Stanley replies: "What Mr. Greenspan is doing is taking apart the national trend and finding a piece of it that fits his story."

SHORT COVER

Bavarian Has Warning About Euro

FRANKFURT (Bloomberg) — Edmund Stoiber, premier of the German state of Bavaria, said it would be better to delay Europe's planned common currency by three years than to interpret the entry criteria flexibly.

"If the criteria aren't met, then the logical step is to talk about a delay," Mr. Stoiber, a member of Germany's governing coalition, said in an interview with the television station N-TV.

To meet the currency union, nations must keep their budget deficits at 3 percent of gross domestic product or less. The German government insists it will be able to trim its deficit to make the cut, while France, for one, has admitted its deficit will probably be higher.

"France is striving to trim its budget deficit to 3.1 percent to 3.3 percent of GDP," Mr. Stoiber said. "That is, in my opinion, not enough."

Airbus Reports Orders for 80 Planes

PARIS (Bloomberg) — Airbus Industrie said it won firm orders for 80 aircraft in the first six months of this year, as compared with orders for 143 aircraft in the first six months of 1996.

The 80 aircraft are worth around $8 billion, compared with around $11 billion for the 143 ordered in the first six months of 1996.

Western German Indicators Rise

FRANKFURT (Bloomberg) — The Handelsblatt newspaper said that its index of leading economic indicators for Western Germany rose 2.3 percent in August, as manufacturing and construction activity gathered pace.

Handelsblatt said its economic barometer was up 0.1 percentage point from July and above the low-point of 0.5 percent reached in August 1996.

"The slight increase in the indicator was dominated once again by a positive mood in industrial production," the newspaper said in an advance release of a report in Monday's edition.

ITT Sells 50% of Las Vegas Casino

NEW YORK (Bloomberg) — ITT Corp. agreed to sell 50 percent of its Desert Inn casino in Las Vegas to the financier Marvin Davis for $200 million in cash and assumed debt, as part of its strategy to thwart a $10.5 billion hostile takeover bid by Hilton Hotels Corp.

ITT, which put the casino up for sale shortly after Hilton announced its bid in January, said that Mr. Davis would pay $150 million in cash and assume half of a $100 million debt offering to be issued by the partnership.

ITT, which owns the Caesars World casinos and the Sheraton hotel chain, said it would receive all the proceeds of the debt offering.

Olivetti's PC Unit Was Overvalued

IVREA, Italy (Bloomberg) — Olivetti SpA, the Italian information technology and office products company, announced that it would make less on the sale of its loss-making personal computer unit than previously expected, after a due diligence review reduced the value.

In March, Olivetti sold its personal computer operations to Piedmont International Inc., an investment vehicle created by Edward Gottesman, the London-based U.S. investor. Olivetti estimated at the time that it would make a gain of 250 billion lire ($140 million) on the sale.

The announcement came two days after Olivetti said revenue in the first half of the year fell 10 percent, to 3.1 trillion lire. On Friday, Olivetti shares fell 5 percent to 641 lire.

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Continued on Page 14

NASDAQ NATIONAL MARKET

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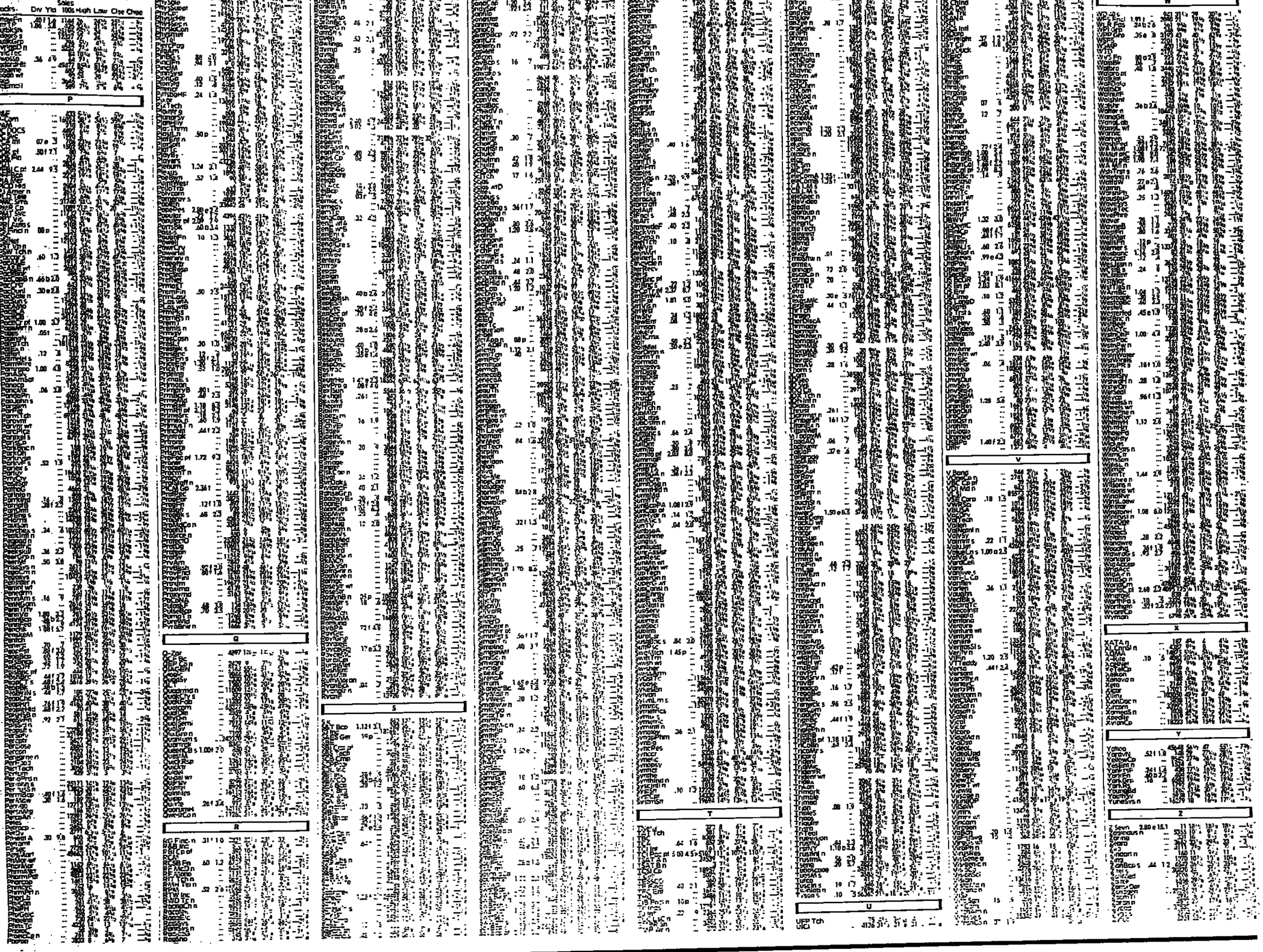
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DENNIS THE MENACE



"IT MUST BE SUMMER. ALL MY DREAMS ARE RETURNS."

JUMBLE

THAT SCRAMBLED WORD GAME by Henri Arnold and Mike Argirion

Unscramble these four Jumbles, one letter to each square, to form four ordinary words

WENIT

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HADILA

RITHED



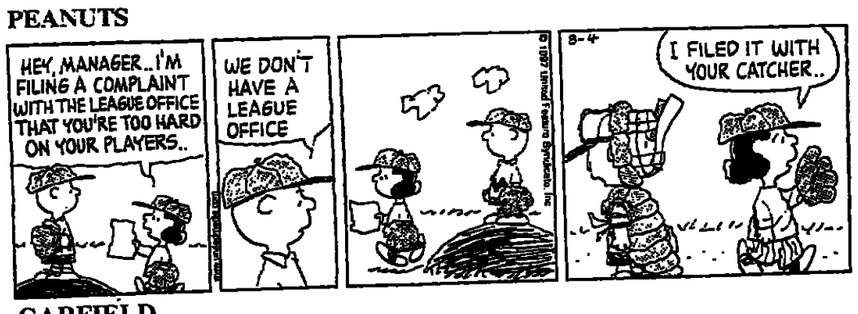
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Answer here: IT "_____" ON _____

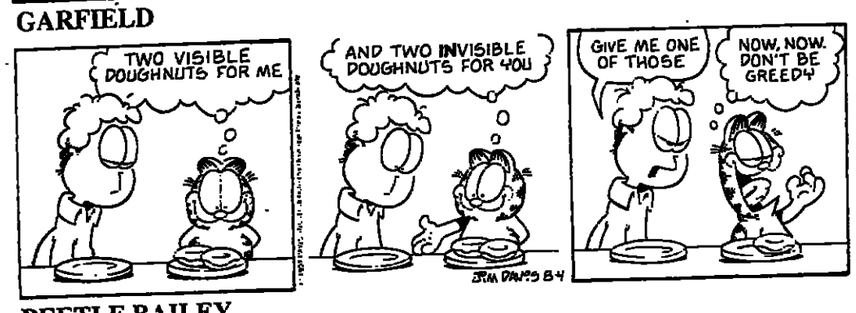
(Answers tomorrow)

Saturday's Jumbles: FERGN COAST TIPTOE ASENCY
Answer: Easy to run out of work a house full of kids – PATIENCE

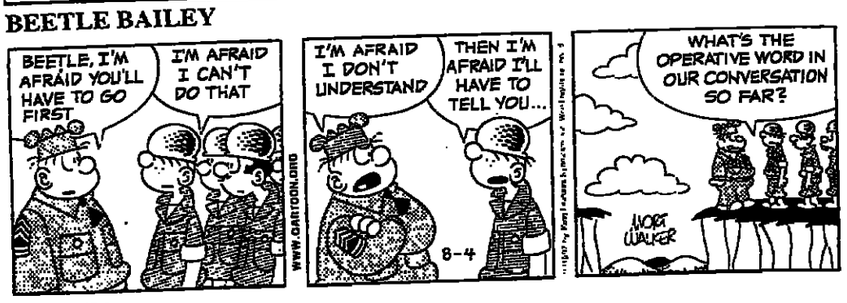
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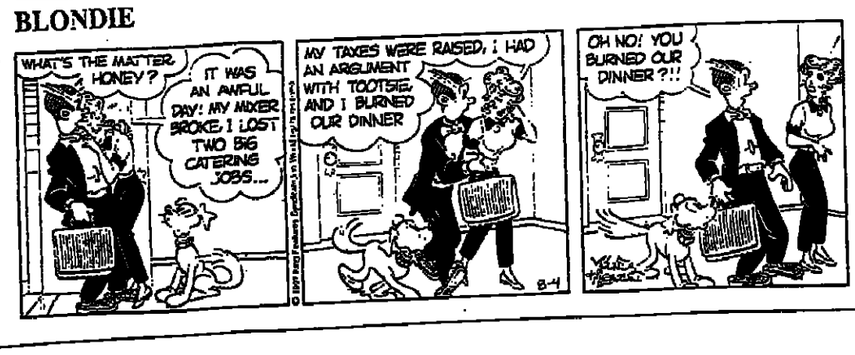
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GERMANY	DEM	182	72	60%
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HONG KONG	HK$	676	284	57%
ITALY	ITL	145,600	58,000	60%
JAPAN	¥	26,000	12,150	53%
MALAYSIA	RM	182	101	44%
NETHERLANDS	NLG	195	78	60%
NORWAY	NOK	832	390	53%
SINGAPORE	S$	146	82	43%
SPAIN	PTAS	11,700	5,000	57%
SWEDEN	SEK	832	350	58%
SWITZERLAND	CHF	166	66	60%
USA	$	78	33	58%

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SPORTS



Gianfranco Zola of Chelsea, right, chasing the ball as Manchester United's Gary Pallister tried to tackle.

Sweet Charity Missing as United Wins

Compiled by Our Staff From Dispatches

Manchester United won the first trophy of the English season when it beat Chelsea, 4-2, on penalties in the Charity Shield after a hotly contested and often ill-tempered match finished 1-1 at Wembley on Sunday.

Both goals in the traditional curtain-raiser between the reigning league champions and the FA Cup holders were headers from corners.

Mark Hughes, a former United player, was left unmarked as he scored from close range in the 52d minute. Five minutes later, Ronnie Johnsen rose above Chelsea's defense to meet Ryan Giggs' corner with a powerful downward header.

In the penalty shoot-out, Peter Schmeichel, the United goalkeeper, saved Frank Sinclair's kick, and then Chelsea's Roberto Di Matteo fired his penalty over the crossbar.

Four players were shown yellow cards. Ruud Gullit, the Chelsea manager, said the match was a "festival of bad passes, bad mistakes."

GERMANY Borussia Dortmund, the European champion, began its season Sunday with a 1-1 draw against newly promoted Hertha in Berlin.

Lars Ricken put Dortmund ahead in

SOCCER ROUNDUP

the 26th minute but Ante Covic equalized for Hertha.

In Sunday's other game, Hasan Salihamidzic scored in the 90th minute to give Hamburg a 2-2 home draw against Borussia Monchengladbach.

Bayern Munich, the Bundesliga champion, lost its opening game to another promoted team, Kaiserslautern, in front of a sellout crowd in Munich on Saturday. An 80th-minute goal by Michael Schjonberg of Denmark gave Kaiserslautern a 1-0 victory.

SCOTLAND Celtic opened the season by losing 2-1 to Hibernian on Sunday.

Chic Charnley earned Hibs its first victory over the Glasgow team in 21 matches when he picked up a loose pass from Henrik Larsson to drill home a fierce shot from just outside the penalty box in the 75th minute.

Celtic, playing its first Premier league match under former Feyenoord coach Wim Jansen, fell behind in the 24th minute to a goal by Lee Power. Malky Mackay headed an equalizer five minutes later, but Celtic was frequently second best to a spirited Hibs team.

FRANCE Laurent Blanc marked his return to the French league with two goals in six minutes as Marseille came from behind to beat Le Havre, 3-1, on Saturday.

Blanc, a defender who played last season for Barcelona, equalized Christophe Horlaville's 25th-minute opener for Le Havre with a penalty six minutes into the second half after striker Xavier Gravelaine was brought down.

Blanc then put Marseille ahead in the 56th minute direct from a free kick, and Gravelaine made it 3-1 with a fine shot from outside the box on the hour.

Paris St.-Germain's new recruit, Florian Maurice, scored the first goal in a 2-0 home victory over promoted Chateauroux.

Monaco, the champion, lost 1-1 at Bordeaux on Friday. *(AFP, AP, Reuters)*

Tough Calls for Ryder Captains

Kite and Ballesteros Must Choose Players to Complete Teams

By Leonard Shapiro
Washington Post Service

With time running out for players to earn their way on to the U.S. and European Ryder Cup teams, it appears almost inevitable that both captains will face difficult choices in picking two wild-card players each to round out their 12-man teams.

If the U.S. team for the Sept. 26-28 competition at Valderrama Golf Club in Sotogrande, Spain, were based on current standings, for example, neither Corey Pavin nor Fred Couples, both stalwarts on recent teams, would be automatic qualifiers. On the European side, Nick Faldo, who has played on the past 10 teams, and the British Open runner-up Jesper Parnevik of Sweden, now fourth in earnings on the PGA Tour, would not qualify.

Neither the U.S. captain, Tom Kite, nor Europe's Seve Ballesteros will say who they will pick, preferring to see how the first 10 shake out. The U.S. race will end in two weeks at the PGA Championship at Winged Foot in Mamaroneck, New York; the Europeans can accumulate points through Aug. 31. It now appears both teams will be loaded with Ryder Cup rookies — as many as 10 first-timers overall, the most since these bi-annual matches began getting competitive in 1983.

The United States won that year, but not until Tom Watson clinched a one-point victory with his triumph in the final singles match. It was the closest U.S. victory since 1953, and in 1985, Europe won for the first time in 28 years. In the five matches since, the teams are 2-2-1, including Europe's victory at Oak Hill Country Club in Rochester, New York, in 1995.

At the moment, five of the United States' top 10 have never played in the Ryder Cup. That would include the leading point man and Masters champion, Tiger Woods; the British Open champion, Justin Leonard; Jim Furyk; Scott Hoch, and Tommy Tolles. Other top 10s, all with Ryder Cup experience, include Tom Lehman, Mark O'Meara, Brad Faxon, Phil Mickelson and Davis Love III.

Newcomers on the European team, if the current rankings hold, would be Darren Clarke, Lee Westwood, Per-Ulrik Johansson, Thomas Bjorn and Manuel Angel Martin. Cup veterans include Colin Montgomerie, Ian Woosnam, Bernhard Langer, Costantino Rocca and Jose Maria Olazabal.

Both captains have tough choices ahead. Pavin has had an abysmal season after changing his swing and his clubs and is now 36th in the standings. He has played on the past three teams, has an 8-5 record, including 2-1 in singles, and has a reputation as a gritty match player. But he is playing so badly that Kite would be hard-pressed to choose him.

Couples, a captain's choice in 1995, has been mostly inactive this year, with only 11 tournaments. He has had back problems, broken up with a longtime girlfriend and has taken a lot of time off to be with his father, Tom, who has leukemia.

Still, he is 16th in points, played well enough to finish tied for seventh at the British Open last month and is always formidable in match play. Couples won the clinching point in the 1996 Presidents Cup last fall.

One of the more intriguing possibilities would be the selection of Watson, 47, who is 17th in points. Despite his problems with putting within three feet, Watson is hitting the ball longer and straighter than at any time in his career. He also captained the winning 1993 team Kite played on, and the two are longtime friends. Watson's 10-4-1 career record also may appeal to Kite, especially with all the kids on his team.

Ballesteros has hinted that if Faldo does not make his team on points, he may not choose him. Playing mostly on the U.S. tour the past three years, Faldo is now 20th on the European list. More significantly, he hasn't played well in recent months and is only 41st on the PGA Tour money list. A victory or a high finish by Faldo at the PGA certainly would help Ballesteros make up his mind.

"Confidence is everything," Ballesteros said at the British Open. "Give me a rookie playing really well over an experienced player who's trying to find his game."

That almost certainly would have to mean that Parnevik will be one of Ballesteros's choices, even if the Swede does play full time on the U.S. tour. He has been one of the most consistent players in the world this year, despite his final round fold at Royal Troon to finish tied for second.

Then again, if Olazabal falls out of the top 10 and Ballesteros decides to choose Faldo as a wild card, Parnevik could be the odd man out.

Haeggman Wins in Sweden

The Associated Press

MALMO, Sweden — A former Ryder Cup player, Joakim Haeggman of Sweden, ended a three-year winless drought Sunday by capturing the $1.2 million Scandinavian Masters by four shots.

Haeggman closed with a 3-under-par 69 after a brilliant birdie on the 18th where he nearly eagled his approach shot from a tough lie between the trees. He finished with a 72-hole total of 270, 18 under par.

Ignacio Garrido of Spain placed second after a final-round 67. Mats Hallberg, another Swede, pleased the gallery of 30,000 by sharing third at 275 with a former champion, Peter Baker of England. Hallberg shot a 68 on Sunday and Baker carded a 70.

"I played very well on the front, but then lost my concentration a little bit," Haeggman said. He suggested that he perhaps got a little overconfident nearing the end. "I had such a big lead, but on the 18th I asked my caddie to check the leaderboard," he said.

Haeggman, 27, who led by four shots after tying the course record with a 65 Saturday, was never challenged in the final round although Garrido managed to cut the lead to three strokes at one stage on the back-nine.

Haeggman became the first Swede to play in the Ryder Cup in 1993 when he beat John Cook of the United States in his singles match at the Belfry in England.

The victory Sunday, worth $200,000, bolstered Haeggman's chances of again making Europe's team. "But I'll probably need to win one more to be sure," he said.

• Phil Mickelson carded six birdies in a bogey-free round to hold off Skip Kendall and maintain his lead Saturday in the weather-delayed Sprint International tournament in Castle Rock, Colorado.

Mickelson had a 54-hole total of 39 points under the modified Stableford scoring system, setting a tournament scoring record for the second straight day. John Daly set the previous three-round record of 31 in 1992.

Kendall finished at 34, and Stuart Appleby had 32 points. Jay Haas was next at 29, followed by Dudley Hart at 28. Nick Price was in a group at 27.

The scoring system awards 5 points for an eagle, 2 for birdie, 0 for par, minus-1 for bogey and minus-3 for double bogey or worse.

SCOREBOARD

BASEBALL

Major League Standings

AMERICAN LEAGUE

EAST DIVISION

	W	L	Pct.	GB
Baltimore	68	39	.636	—
New York	62	45	.579	6
Toronto	51	56	.477	17
Boston	52	58	.473	17½
Detroit	50	57	.467	18
CENTRAL DIVISION				
Cleveland	56	48	.538	—
Milwaukee	54	53	.505	3½
Chicago	53	55	.491	5
Minnesota	49	59	.454	9
Kansas City	45	61	.425	12
WEST DIVISION				
Anaheim	62	48	.564	—
Seattle	61	48	.560	½
Texas	50	58	.463	11
Oakland	43	69	.384	19

NATIONAL LEAGUE

EAST DIVISION

	W	L	Pct.	GB
Atlanta	70	41	.631	—
Florida	62	46	.574	6½
New York	61	47	.565	7½
Montreal	56	52	.519	12½
Philadelphia	34	73	.309	34
CENTRAL DIVISION				
Houston	60	50	.545	—
Pittsburgh	54	56	.491	6
St. Louis	52	57	.477	7½
Cincinnati	46	61	.430	12½
Chicago	44	67	.396	16½
WEST DIVISION				
Los Angeles	60	50	.545	—
San Francisco	60	50	.545	—
San Diego	53	57	.482	7
Colorado	52	59	.468	8½

FRIDAY'S LINESCORES

AMERICAN LEAGUE

Toronto 120 003 001—7 11 0
Detroit 010 400 000—5 10 0
Hentgen, Plesac (8), Escobar (9) and O'Brien; Moehler, Miceli (6), M. Myers (8), Brocail (8) and Casanova, Walbeck (6). W—Hentgen, 11-7. L—Miceli, 2-2. Sv—Escobar (6). HRs—Toronto, Nixon (1), Carter (14), Cruz Jr (13), A.Gonzalez (11). Detroit, To.Clark (26), Casanova (5).

Minnesota 000 001 002—3 13 1
New York 000 503 00x—8 14 1
Robertson, Tr.Miller (5), Ritchie (8) and Steinbach, G.Myers (8); Pettitte, Mecir (9) and Girardi. W—Pettitte, 13-6. L—Robertson, 7-9. HRs—Minnesota, Knoblauch (7), Steinbach (11).

Seattle 000 000 030—3 4 0
Milwaukee 061 010 00x—8 14 1
Wolcott, Lira (2), Spoljaric (6), Timlin (7), Ayala (8) and Da.Wilson; Eldred, Hansell (8), Villone (8), Misuraca (9) and Levis. W—Eldred, 11-10. L—Wolcott, 5-5. HRs—Seattle, A. Rodriguez (16). Milwaukee, Burnitz (17).

Cleveland 110 101 022—8 15 1
Texas 003 002 000—5 10 3
Jr.Wright, Mesa (7), Assenmacher (9) and S. Alomar; D.Oliver, Gunderson (8), X. Hernandez (8), Vosberg (9) and Leyritz. W—Mesa, 2-4. L—Gunderson, 2-1. Sv—Assenmacher (2). HRs—Cleveland, T.Fernandez (6), Ramirez (14), Ma.Williams 2 (25), Thome (28). Texas, Greer (17).

Chicago 000 001 000—1 8 2
Anaheim 301 203 00x—9 8 0
Eyre, Levine (5), Cruz (8) and Pena; Watson, Cadaret (9) and Kreuter. W—Watson, 9-6. L—Eyre, 0-1. HR—Anaheim, Erstad (11).

Baltimore 000 001 000—1 6 1
Oakland 000 001 001—2 5 1
Erickson, Orosco (9) and Webster; Rigby, Mohler (8), TJ.Mathews (8) and Mayne. W—TJ.Mathews, 1-0. L—Orosco, 3-3. HR—Baltimore, Berroa (21).

Boston 203 300 200—10 15 1
Kansas City 110 010 000—3 7 1
Avery, Brandenburg (6), Wasdin (8) and Hattenberg, McKeel (9); Rosado, Mi.Perez (4), Casian (6), Olson (7), J. Montgomery (9) and MLSweeney. W—Avery, 5-2. L—Rosado, 7-8. HRs—Boston, Garciaparra (18), M. Vaughn (25), Stanley (13).

NATIONAL LEAGUE

Los Angeles 034 312 000—13 20 0
Chicago 001 220 211—9 14 1
Nomo, Osuna (7), Hall (9) and Piazza. Prince (7); Je.Gonzalez, Telemaco (3), R. Tatis (4), Wendell (5), T. Adams (7), Bottenfield (9) and Houston. W—Nomo, 10-8. L—Je.Gonzalez, 7-5. HRs—L.A., W.Guerrero (4), Zeile (22). Chicago, Glanville (3), McRae (5), Sosa (22), Orie (5), Sandberg (6).

San Diego 032 110 100—8 16 0
Montreal 000 020 000—2 4 0
J.Hamilton and Flaherty; Bullinger, Falteisek (3), De.Hart (6), Urbina (9) and Widger. W—J. Hamilton, 9-3. L—Bullinger, 6-11. HR—Montreal, Strange (6).

St. Louis 000 010 000—1 9 1
Philadelphia 002 000 20x—4 7 0
An.Benes, King (8) and Difelice; Stephenson, Bottalico (9), and Parent. W—Stephenson, 5-5. L—An.Benes, 7-6. Sv—Bottalico (20).

San Francisco 000 223 010—8 11 0
Cincinnati 002 003 020—7 7 0
Alvarez, Tavarez (7), R.Hernandez (8), Beck (9) and B. Johnson; Mercker, Sullivan (5), Remlinger (6), Belinda (7), Shaw (9) and J.Oliver, Taubensee (7). W—Alvarez, 1-0. L—Mercker, 7-8. Sv—Beck (33). HRs—Cin., R.Sanders (10), W. Greene (16).

Atlanta 000 000 020 000—2 5 0
Florida 000 100 010 001—3 10 2
G.Maddux, C. Fox (8), Embree (8), Wohlers (8), Bielecki (10), Cather (12) and Edd.Perez; KJ.Brown, Nen (9), Stanifer (10), F.Heredia (11), Powell (11) and C. Johnson. W—Powell, 2-2. L—Cather, 0-2. HR—Florida, Sheffield (13).

Colorado 101 121 001—7 10 0
Pittsburgh 032 000 100—6 13 1
Thomson, M. Munoz (7), S.Reed (7), Dipoto (9) and Manwaring; Loaiza, P. Wagner (5), M.Wilkins (8), Rincon (9) and Kendall. W—S. Reed, 3-4. L—Rincon, 4-5. Sv—Dipoto (3). HRs—Colorado, L.Walker 2 (32). Pittsburgh, K.Young (16).

New York 010 000 012 4—8 11 2
Houston 000 010 021 1—5 10 1
Mlicki, McMichael (8), J.Franco (9), Lidle (10) and Hundley; R.Garcia, B. Wagner (8), Magnante (9), Lima (10), J.Cabrera (10) and Ausmus. W—J. Franco, 3-1. L—Lima, 1-5. HRs—New York, Hardtke (1). Houston, Biggio (15).

SATURDAY'S LINESCORES

AMERICAN LEAGUE

Boston 200 001 000—3 9 2
Kansas City 022 050 10x—10 13 1
Sele, Brandenburg (3), B.Henry (5), Lacy (6), Mahay (8) and Stanley, McKeel (8); Belcher, Whisenant (7), Carrasco (9) and Macfarlane. W—Belcher, 11-9. L—Sele, 10-8. HRs—Kansas City, C. Davis (17), Palmer 2 (16), Y. Benitez (3), Macfarlane (5).

Minnesota 110 001 200—5 6 0
New York 000 020 011—4 9 0
Bowers, Swindell (5), Aguilera (9) and Steinbach; Cone, Nelson (8), Stanton (9) and Girardi. W—Swindell, 7-2. L—Cone, 11-5. Sv—Aguilera (20). HRs—Minnesota, Molitor (7), Stahoviak (8), Becker (8). New York, Be.Williams (11).

Baltimore 002 202 124—13 14 2
Oakland 300 000 000—3 8 2
Mussina, Orosco (8), Mills (9) and Holles; C.Reyes, D.Johnson (4), Haught (6), Groom (7), A.Small (9) and Mayne, Molina (9). W—Mussina, 12-4. L—C. Reyes, 3-3. HRs—Baltimore, By.Anderson (11), Holles (10), Bordick (4).

Toronto 000 320 110—7 15 1
Detroit 000 102 41x—8 13 2
Clemens, Daal (7), Quantrill (7), Plesac (8) and O'Brien; Dishman, Jarvis (5), M.Myers (7), Brocail (8), To.Jones (9) and Casanova. W—Brocail, 3-4. L—Quantrill, 4-4. Sv—To.Jones (20). HRs—Toronto, Carter (15), Sprague (11), A. Gonzalez (12). Detroit, Fryman (15).

Seattle 330 205 010—14 15 3
Milwaukee 000 002 020—4 12 0
Fassero, Charlton (7), B.Wells (8), Slocumb (9) and Marzano; Woodard, Hansell (3), Misuraca (6) and Matheny. W—Fassero, 10-6. L—Woodard, 1-1. HRs—Seattle, Griffey Jr (33), E. Martinez (18), Sorrento (21), Ducey (2), RDavis (15). Milwaukee, Burnitz (18).

Cleveland 020 013 100—7 11 1
Texas 020 100 000—3 6 1
Smiley, A. Lopez (8), M.Jackson (9) and S Alomar; Witt, Whiteside (7) and I Rodriguez. W—Smiley, 1-0. L—Witt, 10-7. HRs—Cleveland, Thome (29), S. Alomar (14). Texas, Ju Gonzalez (23), F. Tatis (2)

Chicago 000 011 000—2 5 0
Anaheim 050 000 00x—5 5 3
C.Clemons, McElroy (3), C.Castillo (7) and Fabregas; D.Springer, Percival (9) and Td.Greene. W—D. Springer, 7-4. L—C. Clemons, 0-1. Sv—Percival (15). HR—Anaheim, G. Anderson (6).

NATIONAL LEAGUE

San Francisco 000 001 000—1 2 0
Cincinnati 010 102 10x—5 10 1
Gardner, D. Henry (6), R.Rodriguez (8) and B. Johnson; Tomko, Shaw (8) and Taubensee. W—Tomko, 6-3. L—Gardner, 11-5. HRs—San Francisco, Bonds (28). Cincinnati, W. Greene (17), R.Sanders (11), Taubensee (8).

New York 000 000 000—0 3 1
Houston 104 000 01x—6 10 0
B.J.Jones, Crawford (5), Acevedo (7), Kashiwada (8) and Pratt; Hampton and Ausmus. W—Hampton, 9-7. L—B. J.Jones, 12-7. HR—Houston, Bagwell (29).

St. Louis 000 002 000—2 8 0
Philadelphia 000 100 000—1 7 0
Stottlemyre, Eckersley (9) and Difelice; Beech, Brewer (7), Gomes (8) and Lieberthal. W—Stottlemyre, 11-7. L—Beech, 0-7. Sv—Eckersley (27).

Colorado 100 000 040—5 13 2
Pittsburgh 010 050 00x—6 5 2
Swift, Leskanic (5), Hutton (7), Holmes (8) and Je.Reed, Manwaring (8); F.Cordova, M. Wilkins (8), Christiansen (8), Sodowsky (8), Loiselle (9) and Kendall. W—F. Cordova, 8-6. L—Swift, 4-5. Sv—Loiselle (17). HRs—Colorado, L. Walker (33), Helton (1).

Los Angeles 100 000 000—1 10 0
Chicago 021 100 01x—5 11 0
Candiotti, Guthrie (3), Osuna (6), Dreifort (7), Radinsky (8) and Piazza; Tapani, T.Adams (7), Bottenfield (8), Rojas (9) and Servais. W—Tapani, 2-1. L—Candiotti, 7-4. HRs—Chicago, Sandberg 2 (8).

San Diego 000 000 000—0 5 1
Montreal 000 230 10x—6 8 0
P.Smith, Cunnane (5), Dn.Jackson (6), Bochtler (7), Bruske (8) and Flaherty; C.Perez and Fletcher. W—C. Perez, 11-6. L—P. Smith, 4-2. HRs—Montreal, RWhite (18), Segui (11).

Atlanta 010 010 101—4 6 0
Florida 000 000 020—2 7 1
Neagle, C. Fox (8), Wohlers (9) and J. Lopez; A.Leiter, F. Heredia (8), Stanifer (8), Cook (9), Nen (9) and C Johnson. W—Neagle, 15-2. L—A. Leiter, 8-7. Sv—Wohlers (26). HR—Atlanta, J. Lopez (17).

Japanese Leagues

CENTRAL LEAGUE

	W	L	T	Pct.	GB
Yakult	54	33	1	.621	—
Yokohama	43	40	—	.518	9.0
Hiroshima	41	43	—	.488	11.5
Hanshin	41	44	1	.482	12.0
Chunichi	42	47	—	.472	13.0
Yomiuri	37	51	—	.420	17.5

PACIFIC LEAGUE

	W	L	T	Pct.	GB
Orix	46	32	2	.590	—
Seibu	46	39	2	.541	3.5
Daiei	45	42	—	.517	5.5
Nippon Ham	43	46	1	.483	8.5
Lotte	35	45	2	.438	12.0
Kintetsu	38	49	2	.437	12.5

SATURDAY'S RESULTS

CENTRAL LEAGUE

Yakult 11, Chunichi 1
Hanshin 13, Yomiuri 3
Yokohama 6, Hiroshima 5

PACIFIC LEAGUE

Lotte 9, Seibu 8
Orix 3, Kintetsu 0
Nippon Ham 4, Daiei 2

SUNDAY'S RESULTS

CENTRAL LEAGUE

Chunichi 8 Yakult 5
Yokohama 7, Hiroshima 0
Yomiuri 4, Hanshin 2

PACIFIC LEAGUE

Orix 3, Kintetsu 1
Seibu 5, Lotte 2
Nippon Ham 9, Daiei 1.

FOOTBALL

NFL Preseason

Green Bay 7, New England 3
Detroit 20, Atlanta 17
Indianapolis 20, Cincinnati 16
Washington 20, Tampa Bay 8
Minnesota 24, St. Louis 6
New Orleans 21, Tennessee 12
N.Y. Jets 31, Philadelphia 17
N.Y. Giants 21, Baltimore 20
Pittsburgh 28, Kansas City 14
Chicago 20, Buffalo 17, OT
San Diego 20, San Francisco 13
Seattle 34, Arizona 6.

CFL Standings

EASTERN DIVISION

	W	L	T	PF	PA	Pts.
Toronto	5	1	0	10	188	113
Montreal	3	3	0	6	120	181
Hamilton	1	5	0	2	130	170
Winnipeg	1	5	0	2	140	183
WESTERN DIVISION						
Edmonton	5	1	0	10	181	139
British Columbia	4	2	0	8	164	146
Saskatchewan	3	3	0	6	137	148
Calgary	2	4	0	4	150	130

FRIDAY'S RESULT

Calgary 43, Winnipeg 22.

TENNIS

GROLSCH OPEN
IN AMSTERDAM
FINAL

Slava Dosedel, Czech Republic, def. Carlos Moya, Spain (1), 7-6 (7-4), 7-6 (7-5), 6-7 (7-4), 6-2.

SEMIFINALS

Slava Dosedel, def. Marcelo Filippini, Uruguay, 7-6 (7-5), 6-2; Carlos Moya, def. Magnus Norman, Swed., (4), 6-4, 6-3

DU MAURIER OPEN
IN MONTREAL
SEMIFINALS

Chris Woodruff, United States, def. Yevgeny Kafelnikov (4), Russia, 5-7, 7-5, 6-3; Gustavo Kuerten (6), Brazil, def. Michael Chang (1), United States, 6-3, 6-1.

QUARTERFINALS

Yevgeny Kafelnikov, def. Thomas Enqvist (5), Sweden, 7-5, 6-7 (7-9), 6-1; Chris Woodruff, def. Mark Philippoussis (7), Australia, 6-4, 6-4; Michael Chang, def. Richard Krajicek (8), Netherlands, 7-6 (7-5), 6-4; Gustavo Kuerten, def. Fabrice Santoro, France, 6-3, 7-6 (8-6).

DOUBLES
SEMIFINALS

Mahesh Bhupathi and Leander Paes, India, def. Trevor Kronemann, U.S., and David MacPherson, Australia, 7-6 (12-10), 7-6 (7-4); Sebastien Lareau, Canada, and Alex O'Brien, U.S., def. Aleksandar Kitinov, Macedonia, U.S., and Jeff Salzenstein, U.S., 6-3, 6-4.

QUARTERFINALS

Aleksandar Kitinov, and Jeff Salzenstein, def Yevgeny Kafelnikov, Russia, and Daniel Vacek, Czech Republic (1), 6-3, 6-2; Trevor Kronemann, and David MacPherson, Australia, def. Mark Philippoussis and Patrick Rafter, Australia (6), 4-6, 6-3, 6-4;

Mahesh Bhupathi and Leander Paes, def. Jocelyn Robichaud, Canada, and Tommy Haas, Germany, 6-3, 6-4. Sebastien Lareau, and Alex O'Brien, (3), def. Sargis Sargsian, Armenia, and Neville Godwin, South Africa, 6-3, 5-7, 6-4.

WOMEN
TOSHIBA CLASSIC
IN CARLSBAD, CALIFORNIA
SEMIFINALS

Martina Hingis (1), Switzerland, def. Mary Pierce (6), France, 6-0, 6-2; Monica Seles (2), United States, def. Amanda Coetzer, (3) South Africa, 6-3, 6-4.

QUARTERFINALS

Amanda Coetzer, def. Yayuk Basuki, Indonesia, 6-3, 6-4; Monica Seles, def. Natasha Zvereva, Belarus, 6-1, 6-3; Martina Hingis, def. Conchita Martinez (7), Spain, 6-4, 6-4; Mary Pierce (6), France, def. Sandrine Testud, France, 6-3, 6-2.

DOUBLES
SEMIFINALS

Martina Hingis, Switzerland, and Arantxa Sanchez Vicario (2), Spain, def. Katrina Adams and Debbie Graham, U.S., 6-4, 6-2; Amy Frazier and Kimberly Po, U.S., def. Nathalie Tauziat, France, and Linda Wild, U.S., 6-2, 6-3.

QUARTERFINALS

Amy Frazier and Kimberly Po, def. Conchita Martinez, Spain, and Patricia Tarabini, Argentina, 7-5, 7-5;

Katrina Adams and Debbie Graham, def. Larisa Neiland, Latvia, and Helena Sukova (4), Czech Republic, 6-2, 6-3.

STYRIA OPEN
MARIA LANKOWITZ, AUSTRIA
FINAL

Barbara Schett, Austria (5), def. Henrieta Nagyova, Slovakia (6), 3-6, 6-2, 6-3

SEMIFINALS

Henrieta Nagyova, def. Meike Babel, Germany, 6-1, 7-6 (7-5); Barbara Schett, def. Maria Antonia Sanchez-Lorenzo, Spain, 6-4, 6-1.

QUARTERFINALS

Barbara Schett, def. Judith Wiesner (3), Austria, 3-6, 7-5, 6-0; Henrieta Nagyova, def. Patty Schnyder (4), Switzerland, 0-6, 6-4, 6-2;

Meike Babel, def. Gala Leon-Garcia, Spain, 6-3, 6-1; Maria Sanchez-Lorenzo, def. Barbara Paulus, Austria, walkover.

GOLF

Scandinavian Open

Leading scores Sunday after the final round of the Scandinavian Open, played on the 7,301-yard, par-72 Barseback Golf and Country Club course in Malmo, Sweden:

J. Haeggman, Sweden	67-69-65-69—270
Ignacio Garrido, Spain	67 69 71 67—274
Peter Baker, England	70 66 69 70—275
Mats Hallberg, Sweden	72 68 67 68—275
Mark Mouland, Wales	68 72 67 69—276
Padraig Harrington, Ire.	66 71 72 68—277
Jose Rivero, Spain	66 70 70 71—277
Colin Montgomerie, Sco.	72 71 69 66—278
Roger Chapman, England	72 69 71 66—278
Miles Tunnicliff, England	68 68 74 68—278
Miguel-Jimenez, Spa.	71 71 69 68—279
David Gilford, England	70 73 66 70—279
Stephen Allan, Australia	72 67 66 74—279
Daniel Chopra, Sweden	71 71 72 66—280
Gordon J. Brand, England	70 73 70 67—280

SOCCER

ENGLISH CHARITY SHIELD

Chelsea 1, Manchester United 1
Manchester United won 4-2 on penalties

FRENCH PREMIER DIVISION

Paris St Germain 2, Chateauroux 0
Nantes 0, Bastia 1
Marseille 3, Le Havre 1
Guingamp 2, Cannes 1
Lyon 0, Metz 1
Lens 3, Auxerre 0
Montpellier 1, Strasbourg 1
Toulouse 1, Rennes 0
Bordeaux 1, Monaco 0

GERMAN BUNDESLIGA

Karlsruhe 3, Werder Bremen 1
Bochum 1, Arminia Bielefeld 0
Cologne 3, Duisburg 2
Hansa Rostock 0, Wolfsburg 1
Bayern Munich 0, Kaiserslautern 1
VfB Stuttgart 1, 1860 Munich 1
Schalke 2, Bayer Leverkusen 1
Hertha Berlin 1, Borussia Dortmund 1
Hamburg SV 2, Monchengladbach 2

SCOTTISH PREMIER DIVISION

Aberdeen 0, Kilmarnock 0
Dunfermline 0, Motherwell 2
St Johnstone 1, Dundee United 1
Hibernian 2, Celtic 1

MAJOR LEAGUE SOCCER

Colorado 3, Washington D.C. 2
Kansas City 2, Dallas 1
Columbus 2, Los Angeles 1

STANDINGS: Eastern Conference D.C. 39; Tampa Bay 30; New England 28, Columbus 23, NY-NJ 19; Western Conference Kansas City 35, Dallas 30; Colorado 29, Los Angeles 25, San Jose 17.

CRICKET

SRI LANKA VS. INDIA
FIRST TEST MATCH
SUNDAY, IN COLOMBO

India 537 8 declared
Sri Lanka 39-1

TRACK & FIELD

World Championships

MEN
100 METER
FINAL

1, Maurice Greene, U.S., 9.86; 2, Donovan Bailey, Canada, 9.91; 3, Tim Montgomery, U.S., 9.94; 4, Frankie Fredericks, Namibia, 9.95; 5, Ato Boldon, Trinidad, 10.02; 6, Davidson Ezinwa, Nigeria, 10.10; 7, Bruny Surin, Canada, 10.12; 8, Mike Marsh, U.S., 10.29

SEMIFINAL

HEAT 1— 1, Ato Boldon, 10.00; 2, Davidson Ezinwa, 10.15; 3, Mike Marsh, 10.21; 4, Bruny Surin, 10.22; 5, Agelos Pavlakakis, Greece, 10.29; 6, Obadele Thompson, Barbados, 10.30; 7, Emmanuel Tuffour, Ghana, 10.33; 8, Darren Campbell, Britain, 10.37.

HEAT 2— 1, Maurice Greene, 9.90; 2, Donovan Bailey, 9.91; 3, Frankie Fredericks, 9.93; 4, Tim Montgomery, 10.08; 5, Eric Nkansah, Ghana, 10.18; 6, Francis Obikwelu, Nigeria, 10.20; 7, Sayon Cooper, Liberia, 10.30; 8, Nobuharu Asahara, Japan, 10.33.

400 METER HURDLES
SEMIFINALS

HEAT 1— 1, Stephane Diagana, France, 48.14; 2, Llewellyn Herbert, South Africa, 48.31; 3, Samuel Matete, Zambia, 48.44; 4, Mubarak Al-Nubi, Qatar, 48.84; 5, Joey Woody, U.S., 49.14; 6, Ian Weakley, Jamaica, 49.98; 7, Mustapha S'dad, Morocco, 50.78; Kazuhiko Yamazaki, Japan, did not finish.

HEAT 2—1, Ruslan Mashchenko, Russia, 48.54; 2, Dinsdale Morgan, Jamaica, 48.56; 3, Shunji Karube, Japan, 48.81; 4, Pavel Januszewski, Poland, 48.94; 5, Derrick Adkins, U.S., 48.95; 6, Lukas Soucek, Czech Republic, 49.09; 7, Ziad Abou Hamed, Australia, 49.12; 8, Ashraf Saber, Italy.

HEAT 3— 1, Bryan Bronson, U.S. 47.83; 2, Fabrizio Mori, Italy, 48.17; 3, Jiri Muzik, Czech Republic, 48.27; 4, Dusan Kovacs, Hungary, 48.45; 5, Kenneth Harnden, Zimbabwe, 48.82; 6, Yoshihiko Saito, Japan, 49.60; 7, Vadim Zadoinov, Moldova, 50.07; 8, Kareem Archer, Jamaica, 50.76

First 2 and 2 fastest losers qualify for final

HAMMER
FINAL

1, Heinz Weis, Germany, 81.78 metres; 2, Andrei Skvaruk, Ukraine, 81.46; 3, Vasily Sidorenko, Russia, 80.76; 4, Balazs Kiss, Hungary, 79.96; 5, Igor Astapovich, Belarus, 79.70; 6, Ilya Konovalov, Russia, 78.68; 7, Vadim Khersontsev, Russia, 77.42; 8, Aleksei Krykun, Ukraine, 77.14; 9, Karsten Kobs, Germany, 76.12; 10, Koji Murofushi, Japan, 74.82; 11, Raphael Piolanti, France, 74.08.

SHOT PUT
FINAL

1, Aleksandr Bagach, Ukraine, 21.47 metres; 2, John Godina, U.S., 21.44; 3, Oliver-Sven Buder, Germany, 21.24; 4, C.J.Hunter, U.S., 20.33; 5, Yuriy Belonog, Ukraine, 20.26; 6, Mika Halvari, Finland, 20.13; 7, Roman Virastyuk, Ukraine, 20.12; 8, Kevin Toth, U.S., 20.02; 9, Michael Mertens, Germany, 19.91; 10, Paolo Dal Soglio, Italy, 19.77; 11, Burger Lambrechts, South Africa, 19.39; 12, Saulius Kleiza, Lithuania, 18.25.

20-KM WALK
FINAL

1, Daniel Garcia, Mexico, 1 hour 21 minutes 43 seconds; 2, Mikhail Shchennikov, Russia, 1:21:53; 3, Mikhail Khmelnitsky, Belarus, 1:22:01; 4, Yu Guohui, China, 1:22:57; 5, Li Zewen (China) 1:23:03; 6, Evgeni Misyulya, Belarus, 1:23:10; 7, Michele Didoni, Italy, 1:23:14; 8, Giovanni De Benedictis, Italy, 1:23:33; 9, Hatem Ghoula, Tunisia, 1:23:49; 10, Daniel Plaza, Spain, 1:23:53; 11, Robert Ihly, Germany, 1:24:12; 12, A.Gandellini, Italy, 1:24:24.

SHOT PUT
FINAL

1, Aleksandr Bagach, Ukraine, 21.47 metres; 2, John Godina, U.S., 21.44; 3, Oliver-Sven Buder, Germany, 21.24; 4, C.J.Hunter, U.S., 20.33; 5, Yuriy Belonog, Ukraine, 20.26; 6, Mika Halvari, Finland, 20.13; 7, Roman Virastyuk, Ukraine, 20.12; 8, Kevin Toth, U.S., 20.02; 9, Michael Mertens, Germany, 19.91; 10, Paolo Dal Soglio, Italy, 19.77; 11, Burger Lambrechts, South Africa, 19.39; 12, Saulius Kleiza, Lithuania, 18.25

WOMEN
100 METER
FINAL

1, Marion Jones, U.S., 10.83; 2, Zhanna Pintusevich, Ukraine, 10.85; 3, Sevatheda Fynes, Bahamas, 11.03; 4, Christine Arron, France, 11.05; 5, Inger Miller, U.S., 11.18; 6, Melanie Paschke, Germany, 11.19; 7, Merlene Ottey, Jamaica, 11.29; 8, Chryste Gaines, U.S., 11.37.

SEMIFINALS

HEAT 1— 1, Zhanna Pintusevich, 11.10; 2, Christine Arron, 11.13; 3, Melanie Paschke, 11.34; 4, Chryste Gaines, 11.35; 5, Natalya Voronova, Russia, 11.35; 6, Eldece Clarke, Bahamas, 11.41; 7, Chioma Ajunwa, Nigeria, 11.41; 8, Frederique Bangue, France, 11.44.

HEAT 2— 1, Marion Jones, 10.94; 2, Merlene Ottey, 11.08; 3, Sevatheda Fynes, 11.11; 4, Inger Miller, 11.17; 5, Ekaterini Thanou, Greece, 11.34; 6, Melinda Gainsford-Taylor, Australia, 11.35; 7, Debbie Ferguson, Bahamas, 11.39; 8, Andrea Philipp, Germany, 11.40.

1,500 METER
SEMIFINALS

HEAT 1— 1, Olga Nelyubova, Russia, 4 minutes 04.67 seconds; 2, Carla Sacramento, Portugal, 4:04.69; 3, Regina Jacobs, U.S., 4:04.97; 4, Sonia O'Sullivan, Ireland, 4:05.31; 5, Anita Weyermann, Switzerland, 4:05.71; 6, Maite Zuniga, Spain, 4:06.66; 7, Malgorzata Rydz, Poland, 4:06.86; 8, Kathy Butler, Canada, 4:07.68; 9, Natalya Ivanova, Ukraine, 4:10.39; 10, Patricia Djate-Taillard, France, 4:10.85; 11, Joanne Pavey, Britain, 4:11.22; 12, Carmen Wustenhagen, Germany, 4:15.08.

400 METER
SEMIFINALS

HEAT 1— 1, Jearl Miles-Clark, U.S., 50.05; 2, Falilat Ogunkoya, Nigeria, 50.06; 3, Cathy Freeman, Australia, 50.11; 4, Pauline Davis, Bahamas, 50.77; 5, Lorraine Graham, Jamaica, 50.90; 6, Olga Kotlyarova, Russia, 51.03; 7, Anja Rucker, Germany, 51.94; Donna Fraser, Britain, did not start.

HEAT 2— 1, Sandie Richards, Jamaica, 50.21; 2, Grit Breuer, Germany, 50.33; 3, Helena Fuchsova, Czech Republic, 50.69; 4, Tatyana Alekseyeva, Russia, 50.98; 5, Marcel Malone-Wallace, U.S., 51.40; 6, Alison Curbishley, Britain, 51.42; 7, Olabisi Afolabi, Nigeria, 51.44; 8, Kim Graham, U.S., 51.54.

First four in each heat qualify for final

HEPTATHLON
100 METER HURDLES

HEAT 1— 1, Nathalie Teppe, France, 13.87 seconds 997 points; 2, Joanne Henry, New Zealand, 14.11 963; 3, Inma Clopes, Spain, 14.30 936; 4, Ma Chun-ping, Taiwan, 14.35 929; 5, Athina Papasotiriou, Greece, 14.53 905; 6, Tatyana Gordeyeva, Russia, 14.53 905; 7, Svetlana Kazanina, Kazakhstan, 14.63 891. Heat 2 (+0.9)

HEAT 2— 1, Peggy Beer, Germany, 13.32 1,077; 2, Eunice Barber, Sierra Leone, 13.53 1,046; 3, Tiia Hautala, Finland, 13.70 1,021; 4, Marie Collonville, France, 13.70 1,021; 5, Kelly Blair, U.S., 13.71 1,020; 6, Irina Vostrikova, Russia, 13.78 1,010; 7, Kym Carter, U.S., 13.79 1,008.

HEAT 3— 1, Sabine Braun, Germany, 13.16 1,100; 2, Mona Steigauf, Germany, 13.29 1,081; 3, Remigija Nazaroviene, Lithuania, 13.32 1,077; 4, Denise Lewis, Britain, 13.43 1,060; 5, Natalya Sazanovich, Belarus, 13.45 1,058; 6, Dedee Nathan, U.S., 13.55 1,043; 7, Ursula Wlodarczyk, Poland, 13.55 1,043; 8, Svetlana Moskalets, Russia, 13.64 1,030.

HIGH JUMP

GROUP A— 1, Eunice Barber, Sierra Leone, 1.81 metres 991 points; 2, Dedee Nathan, U.S., 1.81 991; 3, Svetlana Moskalets, Russia, 1.81 991; 4, Nathalie Teppe, France, 1.81 991; 5, Ma Chun-ping, Taiwan, Peggy Beer, Germany, Tiia Hautala, Finland, all 1.78 953; 8, Kelly Blair, U.S., 1.75 916; 9, Inma Clopes, Spain, 1.75 916; 10, Joanne Henry, New Zealand, 1.72 879; 11, Athina Papsotirou, Greece, 1.66 806.

GROUP B— 1, Sabine Braun, Germany, 1.90 1,106; 2, Tatyana Gordeyeva, Russia, 1.90 1,106; 3, Marie Collonville, France, 1.84 1,029; 4, Irina Vostrikova, Russia, 1.84 1,029; 5, Denise Lewis, Britain, 1.84 1,029; 6, Natalya Sazanovich, Belarus, 1.84 1,029; 7, Ursula Wlodarczyk, Poland, 1.81 991; 8, Remigija Nazaroviene, Lithuania, 1.81 991; 9, Svetlana Kazanina, Kazakhstan, 1.81 991; 10, Mona Steigauf, Germany, 1.78 953; 11, Kym Carter U.S., 1.75 916

SHOT PUT

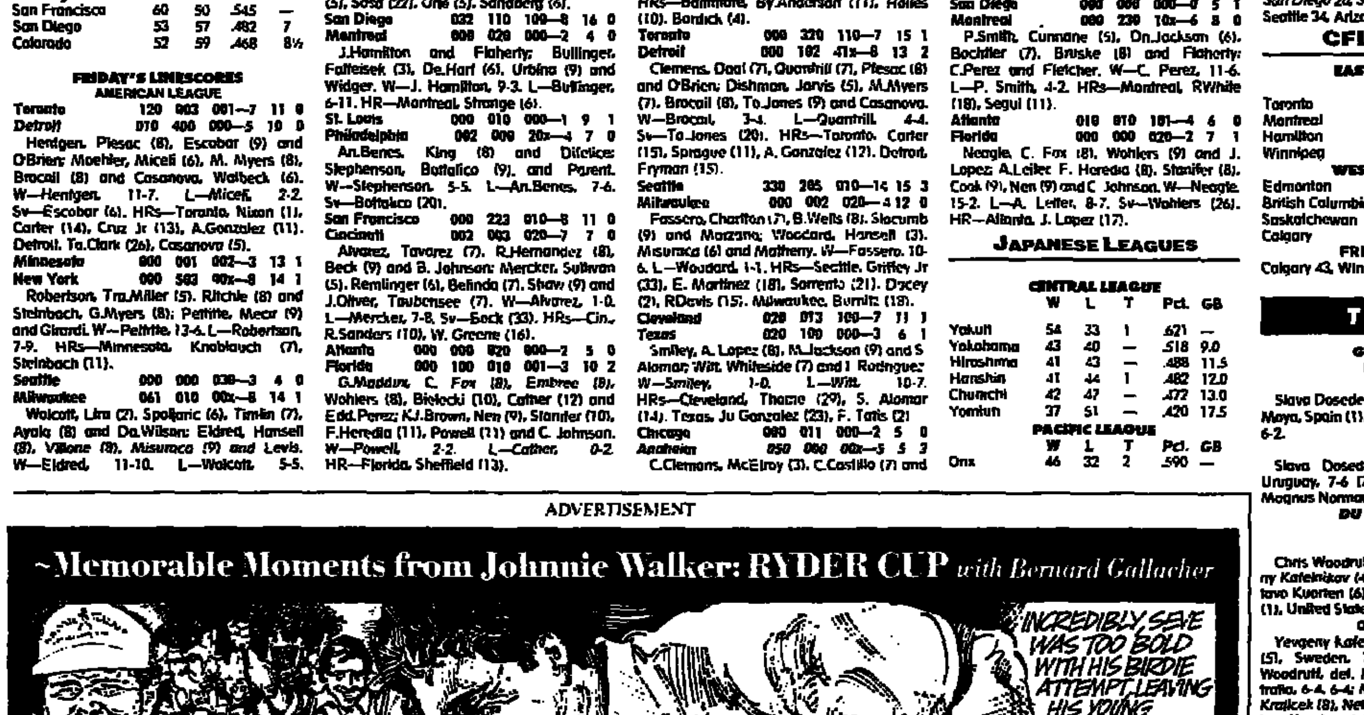
GROUP A— 1, Remigija Nazaroviene, 15.41 metres 888 points; 2, Natalya Sazanovich, 15.03 863; 3, Kym Carter 14.37 819; 4, Ursula Wlodarczyk, 14.16 805; 5, Svetlana Moskalets, 13.50 761; 6, Tiia Hautala, 12.88 719; 7, Peggy Beer, 12.69 707; 8, Tatyana Gordeyeva, 12.48 693; 9, Ma Chun-ping, 12.37 686; 10, Marie Collonville, 12.04 664; Athina Papasotiriou did not start.

GROUP B— 1, Irina Vostrikova, 15.39 887; 2, Sabine Braun, 15.08 866; 3, Denise Lewis 14.55 831; 4, Dedee Nathan, 14.03 796; 5, Joanne Henry, 13.89 787; 6, Mona Steigauf, 13.55 764; 7, Inma Clopes, 13.46 758; 8, Nathalie Teppe, 13.23 743; 9, Kelly Blair, 12.91 721; 10, Svetlana Kazanina, Kazakhstan, 12.18 673; 11 Eunice Barber, 11.60 635.

Leading Standings after three events: 1, Braun 3,072 points; 2, Nazaroviene 2,956; 3, Sazanovich 2,950; 4, Vostrikova 2,926; 5, Lewis 2,920; 6, Wlodarczyk 2,839; 7, Nathan 2,830; 8, Steigauf 2,798; 9, Moskalets 2,780; 10, Carter 2,733

ADVERTISEMENT

~Memorable Moments from Johnnie Walker: RYDER CUP *with Bernard Gallacher*



1987. SEVE AND OLAZABAL. EUROPE'S DYNAMIC DUO.
Written with R. Simmons. Designed & Illustrated by Dave F Smith © International Herald Tribune · Professional Sports Partnerships Ltd.

SPORTS

McGwire Is Silent As Cards Tumble

The Associated Press

Mark Leiter pitched a seven-hitter in his first complete game in almost a year as the Phillies thrashed the St. Louis Cardinals, 10-1, Sunday in Philadelphia.

Mark McGwire, still seeking his first National League home run following Thursday night's trade with the Oakland Athletics, went 0-for-3, was hit by a pitch and struck out. McGwire went 1-for-9 in his first series with the Cardinals.

Leiter struck out six and walked one in earning his third victory in his last four starts. He also drove in two runs as the Phillies won for the fifth time in six games.

The Cardinals, who haven't had a homer since Delino DeShields hit two last Sunday, have lost five of their last six.

The Phillies scored five runs off Donovan Osborne in the third, broke it open with three more in the fourth, then added two in the fifth.

Expos 6, Padres 3 In Montreal, Pedro Martinez pitched a three-hitter for his major league-leading 10th complete game, and Doug Strange and Darrin Fletcher hit two-run homers as the Expos beat San Diego.

Martinez (13-5) struck out 10 in his second straight complete game. He was charged with one earned run, dropping his earned run average to a major league-lowest 1.76, and walked three.

After allowing a one-out walk to Ken Caminiti in the third, Martinez retired the next 17 before Caminiti hit his 12th home run leading off the ninth. Martinez, a career .103 hitter, went 2-for-3 at the plate.

Pirates 8, Rockies 4 In Pittsburgh, Kevin Polcovich's bad-hop ground ball double traveled barely 100 feet but scored two runs as the Pittsburgh Pirates rallied again against Colorado's bullpen.

Tony Womack went 4-for-4, reached base five times and finished off the Pirates' five-run eighth inning against relievers Steve Reed and Curt Leskanic with a homer.

In Saturday's games:

Cardinals 2, Phillies 1 McGwire got his first NL hit and also scored the go-ahead run as the Cardinals beat the Phillies. The Cardinals scored twice in the sixth. Ron Gant, a pinch-hitter, walked with the bases loaded, forcing home McGwire for a 2-1 lead.

Astros 6, Mets 0 Mike Hampton pitched a three-hitter and Jeff Bagwell hit his 29th home run, leading the host Astros over New York for their 12th victory in 14 games.

Hampton won his sixth straight decision. He struck out seven and walked three in his second career shutout.

Bagwell hit a solo home run in the first inning off Bobby Jones (12-7). Jones is 0-4 in his last eight starts.

Pirates 6, Rockies 5 Joe Randa's two-run triple was one of only two Pittsburgh hits in a five-run fifth inning and the Pirates held off a four-run Colorado comeback in the eighth to beat the visiting Rockies. The Rockies lost despite outhitting Pittsburgh 13-5.

Reds 5, Giants 1 Brett Tomko struck out a career-high 10 as he returned to the Cincinnati starting rotation, and the Reds hit three homers off Mark Gardner to beat visiting San Francisco.

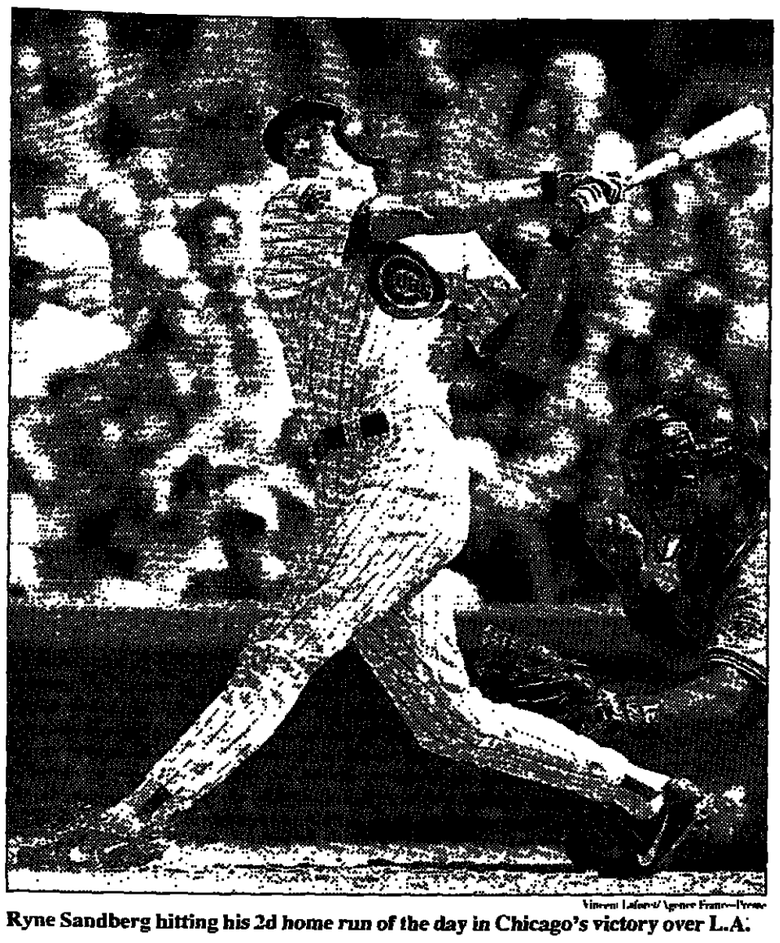
Tomko, relegated to long relief for his last three appearances as the Reds showcased their veteran starters for trades, held the Giants to a pair of hits in seven innings.

Braves 4, Marlins 2 Denny Neagle pitched seven shutout innings and Atlanta held off host Florida, ensuring that the Marlins would not sweep the four-game series between the NL East contenders.

The Braves' left fielder, Danny Bautista, reached over a short retaining wall in foul territory to catch Bobby Bonilla's fly ball for the final out, stranding runners at first and second.

Expos 6, Padres 0 Carlos Perez pitched a five-hitter for his fifth career shutout and Rondell White and David Segui hit consecutive home runs in the fifth inning as host Montreal beat San Diego.

NL Roundup



Vincent Laforet/Agence France-Presse

Ryne Sandberg hitting his 2d home run of the day in Chicago's victory over L.A.

Sandberg Will Retire (Again)

The Associated Press

CHICAGO — Ryne Sandberg is retiring again. And this time, he says, it's for good.

Sandberg, who has a better fielding percentage and more home runs than any second baseman in baseball history, announced Saturday that he would call it quits at the end of the season, his 15th with the Chicago Cubs.

"Everybody has their time, and my time has come," the 37-year-old said at Wrigley Field. "I'm going to go in a different direction and spend more time with my family and kids. I've enjoyed myself here. I've grown up in Chicago and I think it's perfect that I'm retiring as a Cub."

Sandberg is already going out with a burst of energy. He hit two homers Saturday and went 3-for-3 to spark the Cubs' 5-1 victory over the Los Angeles Dodgers.

Sandberg retired once before, on June 13, 1994. He left a $7 million-a-season contract after 57 games, saying he was unhappy with his performance. He was also displeased with the way the team was being run, by the general manager Larry Himes.

Sandberg's failing marriage and a dispute over the custody of his two children also were factors in his decision to leave baseball then. On Saturday, his second wife and family were by his side outside the Cubs' dugout when he made his announcement.

Sandberg, who is batting .256 with eight homers and 43 RBIs in 96 games this season, returned last year with a .244 average, 25 homers and 92 RBIs after sitting out 1995.

This season has been miserable for the Cubs, who opened 0-14 and had lost nine straight before winning Saturday's game. "This season has been very disappointing to all of us," Sandberg admitted. "It's been a tough year. But I feel very lucky I've been able to put on a uniform."

Sandberg's career .989 fielding percentage at second base is the best in major-league history. He has hit 273 of his 278 career homers as a second baseman, the most by any player at that position. He made the All-Star team 10 times, won nine Gold Gloves and was the 1984 Most Valuable Player as the Cubs made the playoffs.

Blair Wins 7th Straight As Tigers Roll Over Jays

Toronto Is Sent to 8th Loss in 9 Games

The Associated Press

Willie Blair won his seventh straight decision, and the Detroit Tigers sent the Toronto Blue Jays to their eighth loss in nine games, 5-2, on Sunday.

Bob Hamelin and Melvin Nieves hit consecutive home runs in the second inning, and Travis Fryman homered for the second straight day for Detroit. The Tigers won three times in the four-game series.

Blair (11-4) allowed two runs, one of them earned, and eight hits in six-plus innings. He is the first Tigers pitcher to win seven in a row since David Wells in 1995. Blair's 11 victories are the most for a Detroit pitcher since Mike Moore also had 11 in 1994.

Blair, whose jaw was broken by Julio Franco's liner May 4 at Cleveland, is 7-2 since returning from the injury on June 3. He has not lost since June 22 at Boston.

Blair left with a 4-2 lead after giving up two singles to start the seventh. A.J. Sager relieved and Alex Gonzalez sacrificed, but the runners were left stranded when Otis Nixon grounded to the mound and shortstop Deivi Cruz made a great stop up the middle to throw out Mariano Duncan.

Todd Jones pitched the ninth for his 21st save. He has been successful on 18 of his last 19 opportunities. Woody Williams (6-10) lost his second straight start after winning his previous three. He gave up five runs on seven hits in 6⅓ innings.

In games played Saturday:

Royals 10, Red Sox 3 Dean Palmer homered twice and drove in four runs, and Kansas City hit a season-high five homers in beating Boston. Palmer, who was dealt from Texas to Kansas City on July 25, is 12-for-34 with two home runs and eight runs batted in since the trade.

The five home runs — the others were by Chili Davis, Mike Macfarlane and Yamil Benitez — were the most by Kansas City since the Royals hit five at Minnesota Aug. 6, 1995.

Tim Belcher (11-9) scattered eight hits and allowed three runs in 6⅔ innings in Saturday's game in Kansas City. The right-hander has a 7-2 career record against the Red Sox. Aaron Sele (10-8) lasted just 2⅔ innings and allowed four runs on five hits.

Orioles 13, Athletics 3 Mike Bordick homered and drove in a career-high five runs as Mike Mussina and the Orioles overcame a shaky start to beat the A's in Oakland.

Mussina (12-4) surrendered three runs in the first inning, two of them unearned. But he did not allow another run before leaving after the seventh, and defeated Oakland for the 12th time in 15 career decisions.

Chris Hoiles homered, doubled, drove in three runs and scored three. Brady Anderson also homered and hit an RBI triple for Baltimore.

Twins 5, Yankees 4 Paul Molitor homered and drove in two runs as visiting Minnesota snapped New York's four-game winning streak. Molitor gave the Twins a 3-2 lead in the sixth inning with a solo shot. His drive hit the top of the left-center field fence and bounced over for his seventh home run.

Tigers 8, Blue Jays 7 Roger Clemens could not hold a four-run lead, as Detroit defeated visiting Toronto on reliever Paul Quantrill's throwing error in the eighth inning.

Clemens, pitching at Tiger Stadium for the first time since striking out 20 there last Sept. 18 when he was still with Boston, took a 5-1 into the sixth inning and left in the seventh after Travis Fryman's three-run homer tied it at 6. Clemens struck out nine, walked four and gave up 10 hits in six-plus innings. The three-time Cy Young Award winner, who leads the majors with a 1.78 ERA, had allowed just five earned runs in his previous eight starts.

Mariners 14, Brewers 4 In Milwaukee, Paul Sorrento hit a grand slam and drove in six runs, and Ken Griffey Jr., Russ Davis, Rob Ducey and Edgar Martinez also homered as Seattle ended the Brewers' nine-game winning streak.

Jeff Fassero (10-6) gave up nine hits and two runs and struck out seven in six innings to help stop the Mariners' four-game losing streak. Heathcliff Slocumb made his debut for Seattle with a hitless ninth.

Indians 7, Rangers 3 Jim Thome hit a tiebreaking three-run homer in the sixth to help John Smiley's successful debut as Cleveland handed host Texas its fifth straight loss.

Marquis Grissom and Brian Giles singled before Thome hit his 29th homer over the center-field wall off Bobby Witt (10-7). Omar Vizquel went 3-for-4 for the Indians, including an RBI single in the seventh that extended Cleveland's lead to 7-3.

Angels 5, White Sox 2 Dennis Springer and Troy Percival combined on a five-hitter as host Anaheim won for the 20th time in 26 games to retain a half-game lead over Seattle in the AL West.

Springer (7-4), who blanked Cleveland in his previous start, retired the first 11 batters he faced and took a no-hitter into the fifth inning. He gave up four hits and one walk with two strikeouts in eight innings. Percival allowed one hit in the ninth for his 15th save.

Chicago's Chris Clemons (0-1) gave up five runs in the second. The White Sox, in the three games since a trade with San Francisco decimated their pitching staff, have given up 26 runs to the Angels.

AL Roundup

White Sox Say 'No Mas' to Their Fans

New York Times Service

Vantage Point/Murray Chass

JERRY Reinsdorf, one general manager was saying the other day, has done two things that have not been good for baseball. Other people in baseball — union officials, for example — would suggest that the Chicago White Sox owner has done many more things that have not been good for baseball, but the general manager was speaking of two specific things.

"Signing Albert Belle was one," he said. "Doing this is not good for baseball either."

"This" was the startling trade the White Sox made with the San Francisco Giants last Thursday, the one by which the White Sox announced to the rest of the baseball world and their fans that with a third of the season still to be played they were putting their bats and balls in mothballs for the winter.

"It's the Major League Baseball version of 'no mas,' " an owner of another team remarked, referring to the words uttered by the boxer Roberto Duran when he quit in the middle of a title fight with Sugar Ray Leonard.

By giving the Giants their No. 1 starting pitcher (Wilson Alvarez), their closer (Roberto Hernandez) and another veteran pitcher (Danny Darwin) for six minor leaguers, only one of whom is considered a top prospect, the White Sox signaled surrender when they were only three and a half games behind Cleveland in the American League Central.

If there is something beyond unconditional surrender, though, the White Sox may do that, too, by trading Robin Ventura, their recuperated third baseman, to the Yankees. After talking with the St. Louis Cardinals about Ventura last week — "at length," an official of another club said — the White Sox have continued speaking with the Yankees, another official said. "There might be a deal with the Yankees in the next week or two if they can get Ventura through waivers," the official said.

Because the July 31 deadline has passed, anyone who is traded now must clear waivers first. Ventura, 30, missed the first 99 games this season with a broken right leg and a severely dislocated ankle, but since returning July 24 he has batted .379 in eight games.

Ventura has a $6 million salary this season, and his contract includes a club option at $6.1 million for next year. Trading Ventura would no longer come as a surprise, considering what the White Sox have already done with some of their higher-priced players.

The Chicago fire sale was not what Reinsdorf had in mind when he threw $55 million ($11 million a year) at Albert Belle, last November and single-handedly escalated the salary scale by the largest dollar leap ever. Concerned about lagging attendance and decreasing revenue, Reinsdorf believed that the addition of Belle would make the team a contender that would attract hundreds of thousands of additional fans.

The fans' anger with the White Sox, though, evidently runs deeper than the game's richest contract can dissolve. After drawing an average crowd of 21,220 last season, the White Sox have averaged 24,050 this season, an increase far below what Reinsdorf had in mind.

The Belle signing, then, has failed on one narrow economic front, in that it didn't achieve Reinsdorf's goal. But it has been devastating in a broader economic way. It forced other clubs to give their star players much more money than they otherwise would have had to pay them: the Giants gave Barry Bonds $11.45 million a year for 2 years; Sammy Sosa got $10.62 million a year for 4 years from the Cubs; Gary Sheffield received $10.17 million a year for 6 years from the Marlins; and the Rangers signed Ivan Rodriguez for $8.4 million a year for 5 years.

"It had a tremendous impact, there's no question," Dave Dombrowski, the Florida Marlins' general manager, said, discussing Sheffield's contract. "They didn't want to talk at all until Belle signed. Once the Belle numbers came in, they were very open to talk. I said this might be an aberration. Then the Bonds numbers came in and the market was defined. So it had a tremendous impact."

Until Belle signed, the highest annual average value was $8.5 million for Ken Griffey Jr. "That was a very easy number to justify," Dombrowski said, "because Griffey was a complete-package player. In our initial discussions, we weren't prepared to go above that."

REINSDORF, who has been very discouraged and has constantly complained about the attendance at Comiskey Park, had been quoted earlier in the week as saying, "Anyone who thinks this White Sox team will catch Cleveland is crazy." Is the newly constituted White Sox team capable of catching the Indians? Not in this millennium.

Defending the team's trades — Harold Baines also was traded last week, to Baltimore — General Manager Ron Schueler said, "I gave them 102 games to compete and we weren't even at .500. If we got lucky, we might contend for the division. There wouldn't be anything after that. I don't see where we threw in the towel."

A high-ranking executive of another club said: "If you have a strategy and stick with it, ultimately you will be rewarded. They were three games out and didn't let the strategy follow through. When you switch strategies in midstream, it's going to create problems."

THIS WEEK ON EUROSPORT

The greatest athletes on the planet meet in Athens to decide just who is the best: can anyone take away Donovan Bailey's crown as the world's fastest man?

Athletics:

4 - 10 August, USA, LIVE, The Athletics World Championships, Athens
Reputations will be made and broken as the cream of the world's athletes meet head to head in Athens

Tennis:

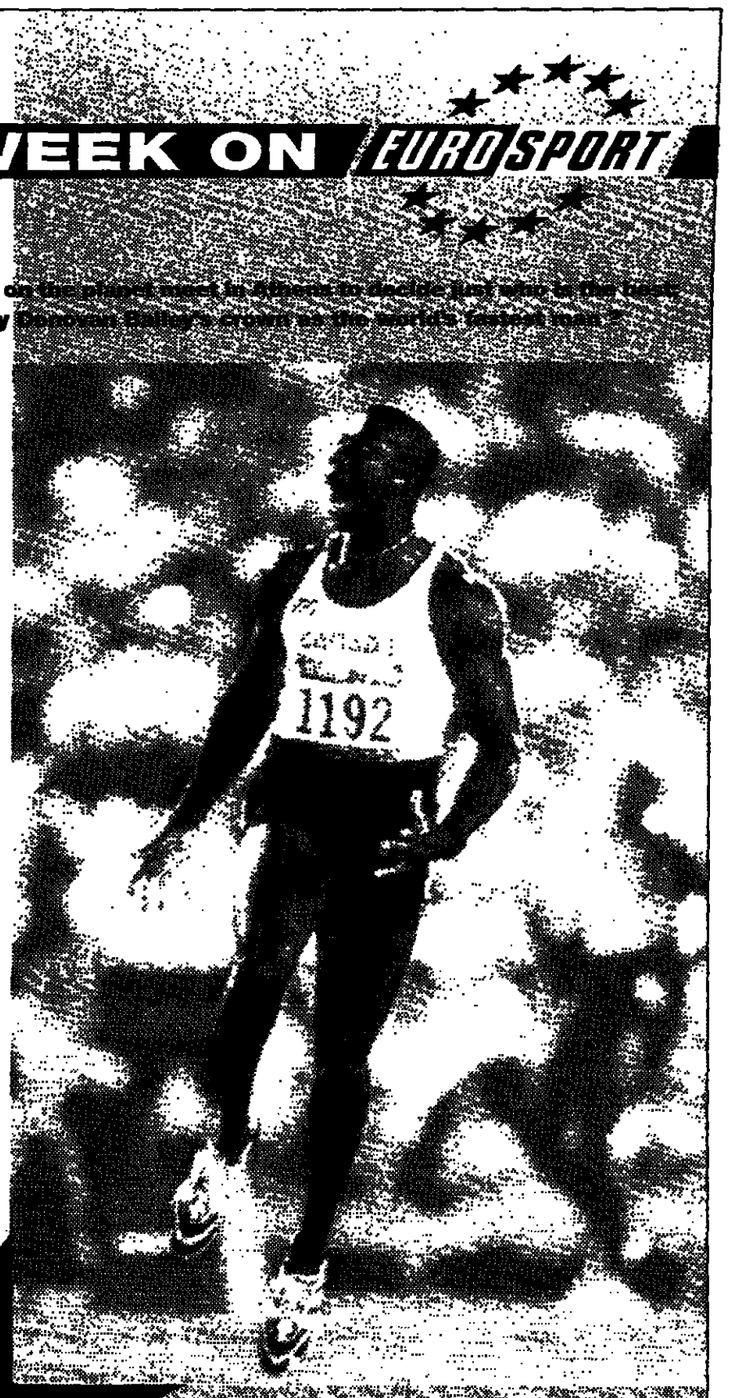
4 - 10 August, LIVE, ATP Super 9, Cincinnati
With $2.3 in prize money at stake, the world's best players will be in action including Sampras, Agassi, Becker, Henman and Rusedski

Indy car:

10 August, LIVE, PPG CART World Series, Mid Ohio
After 2 wins and a second place in the recent weeks, Mark Blundell will be looking to close the gap on Italy's Alex Zinardi as the championship moves onto its final five races

Golf:

9 - 10 August, LIVE, WPGET, The McDonalds WPGA, Gleneagles
Tina Fischer will be back to defend her title but will face stiff competition from Laura Davies and Trish Johnson



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Rookie's Punt Return Gives Chargers a Spark

The Associated Press

Kevin Gilbride came out on top as both he and Steve Mariucci made their debuts as head coaches in the NFL. Gilbride's Chargers beat the San Francisco 49ers, 20-13, in a preseason game in San Diego.

The Chargers' rookie free agent, Latario Rachal, made an impact on special teams with three tackles and a 77-yard punt return for a touchdown in Saturday's game.

Jets 31, Eagles 17 Bill Parcells made a winning start as coach of the Jets, helped by a Aaron Glenn's 97-yard interception return for a touchdown.

Bears 20, Bills 17 Jeff Jaeger kicked a 42-yard field goal with 6:09 remaining in overtime to give Chicago victory in Buffalo.

Saints 21, Oilers 12 The Tennessee Oilers made a losing debut in Memphis. The Saints' Heath Shuler was 9-of-12 for 104 yards.

Giants 21, Ravens 20 Brad Daluiso's fourth field goal, a 29-yarder with 1:57 left, gave the Giants a victory over the Ravens in Baltimore and made Jim Fassel, the new Giants' head coach, a winner in his debut.

NFL Roundup



Scott Martin/The Associated Press

The Redskins' Christopher Sanders trying to dive over two Buccaneers in Washington's 20-8 victory.

GOLF Tough Choices in Ryder Cup p. 16 **SOCCER** Europe's Season Opens p. 16 **BASEBALL** Sandberg Quits (Again) p. 17

TOMORROW: STYLE

Herald International Tribune

SPORTS

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WORLD ROUNDUP



Gemunu Amarasinghe/The Associated Press

Sachin Tendulkar batting against Sri Lanka on Sunday.

India Takes Charge

CRICKET Nilesh Kulkarni, a spin bowler, took a wicket Sunday with his first ball in Test cricket to strengthen India's grip on its first Test against Sri Lanka in Colombo.

Earlier, Sachin Tendulkar and Mohammed Azharuddin had completed centuries before the tourists declared their first innings closed at 537 runs for eight declared.

Sri Lanka finished the second day, on 39 for one.

• Ben Hollioake, a 19-year-old all-rounder was included Sunday in a 13-man squad for the fifth test against Australia. If Hollioake plays in the match, which starts at Trent Bridge, Nottingham, on Thursday, he will be the youngest England Test player in more than 50 years. *(Reuters)*

Australia Beats S. Africa

RUGBY UNION David Knox, Australia's veteran fly half, returned to the team and kicked 10 points as Australia beat South Africa, 32-20, in the Tri-Nations series in Brisbane.

The winger Ben Tune scored touched down twice for Australia. Daniel Manu and the full back Stephen Larkham also scored tries. Os du Randt, Jannie De Beer and Mark Andrews scored ties for the Springboks. *(Reuters)*

Dosedel Takes Title

TENNIS Slava Dosedel, an unseeded Czech, needed six match points Sunday before he won the Grolsch Open in Amsterdam. Dosedel beat Carlos Moya of Spain, the No. 1 seed, 7-6 (7-4), 7-6 (7-5), 6-7 (7-4), 6-2.

• Chris Woodruff, an unseeded American, reached the final of the Canadian Open when he beat Yevgeni Kafelnikov, the No. 4 seed, 5-7, 7-5, 6-3, in Montreal on Saturday.

Gustavo Kuerten, the French Open champion, routed top-seeded Michael Chang, 6-3, 6-1.

• Top-ranked Martina Hingis routed Mary Pierce, 6-0, 6-2, on Saturday in the semifinals of the Toshiba Classic in Carlsbad California.

"I played a great match, what else can I say," said Hingis.

Monica Seles beat third-seeded Amanda Coetzer of South Africa, 6-3, 6-4, in the other semifinal. *(AP)*

Robbins Clings To Lead

GOLF Kelly Robbins shot an even-par 73 Saturday but still kept a one-stroke lead in the Du Maurier Classic, in Oakville, Ontario, the final women's major of the year.

Juli Inkster and Brandie Burton, who shot a 7-under par 66, were tied in second place on a 10-under par three round total of 210. *(Reuters)*

Gold Medals for 2 Young U.S. Sprinters in a Hurry

Established 100-Meter Stars Fall as Greene and Jones Win

By Ian Thomsen
International Herald Tribune

ATHENS — It all came down in the end to Donovan Bailey's inability to look the American in the face. So the World Championship 100 meters changed hands Sunday night, from Bailey to the 23-year-old Maurice Greene, who took the lead from the second step and held off the Canadian. By the finish it seemed almost personal between them, as if it were a sibling rivalry between one who had always dominated and the other who was more quietly prepared to stand up for himself.

The championships' opening weekend reached a climax first in a women's 100-meter final anticipated to become a duel between the outgoing Merlene Ottey, 37, and the newest American star, the enormously talented 21-year-old Marion Jones. Jones seized the first of many potential gold medals in a winning time of 10.83 seconds, the fastest of the year.

WORLD ATHLETICS

As for Ottey, well, something horrible always seems to happen to her at major championships.

In this unfortunate case it should be noted that Jones had complained earlier this weekend that the starters' pistol was too quiet. After the eventual bronze medalist Sevatheda Fynes of Bahama (she ran in 11.03 seconds) began the final with a false-start from Lane 1, all of the runners pulled up — all of them but Ottey.

She kept running, alone and oblivious, at 50 meters the crowd not cheering but yelling frantically for her to stop. The gun was fired again and then she came to a halt, a full 80 meters of her best effort spent. She turned in disbelief and walked back as slowly and calmly as possible.

But when the race was started officially, she was left behind and unable to add to her record collection of 13 world championship medals. Ottey trailed off to seventh in 11.29 seconds, while another strange scene developed ahead of her.

Zhanna Pintussevich, the Ukrainian silver medalist, was sprinting away in the unfortunate belief that she had won. A gaggle of photographers chased around the turn after her until it was announced that Jones had indeed won, in a time two one-hundredths better than the Ukrainian's.

The photographers abandoned Pintussevich lying on the track in disbelief and sprinted across the infield to find the champion in tears of joy.

At the start of this year, Jones's personal best was 11.14 seconds, a time she ran when she was a junior in high school. At that time she declined an invitation to join the U.S. relay team in the 1992 Olympics, apparently believing that she was too young. She wanted to qualify for last summer's Olympics but was put down by the latest in a series of foot injuries, the result of a basketball career in which she had guided the University of North Carolina to the national championship as a freshman point guard.

Her compatriot, Greene, had a harder time making it to the top of the podium on a breezy night that was refreshingly cool by Athenian standards, in front of another disappointing crowd in the massive 80,000-seat Olympic Stadium. It seemed to be about two-thirds full despite assurances from the organizers that all of the tickets had been sold.

Greene's time of 9.86 seconds equaled Carl Lewis's former world record set at the 1991 World Championships at Tokyo. Behind him were the defending champion Bailey in 9.91 seconds and Tim Montgomery of the United States third in 9.94 seconds. Greene beat two better-known contenders, Bailey and Ato Boldon of Trinidad, who had been creating emotional torque between them ever since Bailey won the Olympic 100 meters last summer. In that final, Bailey had set a world-record 9.84 seconds and beaten an apparently psyched-out field, in which Boldon finished third.

Boldon, now 23, claimed the first psychological victory — or had he created a hurdle? — this weekend as the speed of Athens' newly laid track seemed to catch him by surprise. Relaxing at the end of his preliminary heat Saturday night, he was greeted by a shocking time of 9.87 seconds — the world's fastest this year and the fifth-best of all time. Boldon said that he had been planning nothing quicker than a 9.95-second heat.

"What I've done is put a lot of pressure on myself," he admitted.

Bailey has had a difficult summer, his 150-meters match-race victory over Michael Johnson aside. He barely advanced out of his own second round heat Saturday night. He started that round slowly, as if stepping out of the heel of his shoe, and 10 meters from the end he pulled up with an apparent cramp and a time of 10.10 seconds.

By the time they all met again in the final Sunday night, a frenzied, frazzled order had been restored. For in recovering his old outrageous self with a 9.91-second semifinal, Bailey had turned and thrown his trademark glare at the U.S. champion Greene in the next lane. Greene turned to meet the Bailey's eyes, only to see the Canadian hopping and celebrating as if the gold medal had already been decided. Greene stomped away, shaking his head, not beaten, as it turned out, but emboldened.

In the final, Greene tore free with Bailey seemingly on a leash one stride behind him. The two of them yanked themselves from the field as it became clear that Bailey was not going to overtake him.

Trailing well behind in fifth place with a time of 10.02 seconds, was Boldon, who seemed to drag his right leg behind him as he left the track. Just after the finish he had dropped to his knees to meet the devoutly religious Greene in an embrace: They train together with the American coach John Smith.

The Olympic silver medalist Frankie Fredericks was fourth in 9.91 seconds.

The evening's crazy successes were almost swept aside in a potential disaster involving Michael Johnson, the American star whose "wild card" invitation to these championships has been criticized by several of his fellow athletes.

Johnson almost didn't make it out of the second round of the 400 meters, in which he is the overwhelming favorite. Slowing down to a trot, he was overtaken for third place in his heat by one one-hundredth of a second by Ibrahima Wade of Senegal, who qualified automatically.

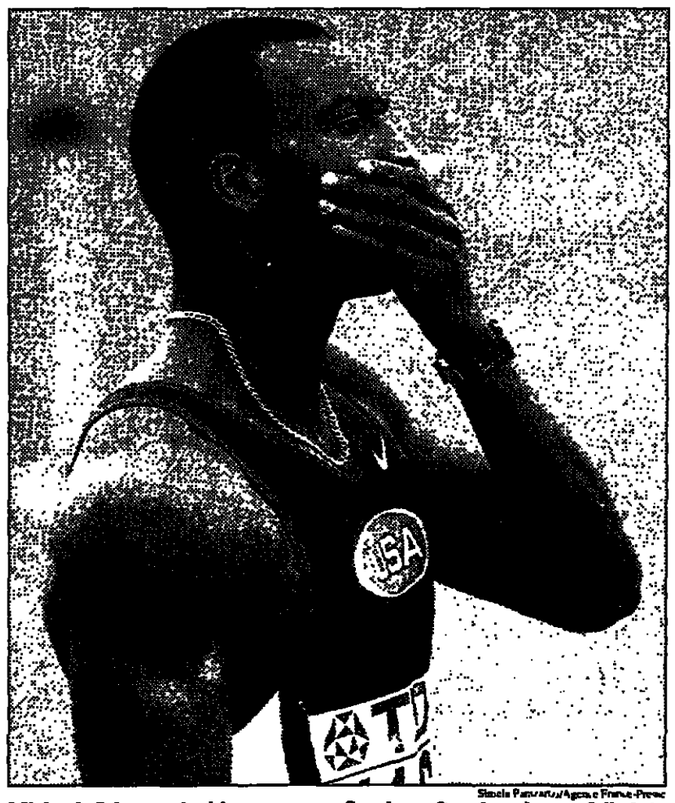
There was some sarcastic suspicion that the IAAF might have to award Johnson a little-known codicil in the rules, a kind of double-secret wild-card invitation to the next round, but as it turned out his time of 45.39 seconds earned him the penultimate place in the semifinal.

"I was sure I had a firm grip with my position and I just didn't see him come up," Johnson said. "It surprised me that he was suddenly right beside me."



Anja Niedringhaus/Agence France-Presse

Marion Jones, right, dipping over the line ahead of Christine Arron of France, center, and Zhanna Pintussevich of Ukraine in the women's 100 meters final. Pintussevich finished second and Arron was fourth.



Simela Pantzartzi/Agence France-Presse

Michael Johnson looking nervous Sunday after he almost failed to qualify for the 400-meter semifinal at the Athens championships.

Weis of Germany Takes Gold in Hammer Throw

Compiled by Our Staff From Dispatches

ATHENS — A final effort of 81.78 meters gave Heinz Weis of Germany the gold medal in the hammer throw on the second day of the track and field World Championships on Sunday.

Weis, 34, who was chasing his first major title, was second to Andrei Skvaruk of Ukraine before his final attempt. Skvaruk had been seemingly out of medal contention when he took the lead with his sixth and final throw of 81.46 meters.

Weis responded with his winning throw and yelled with joy before falling into his rival's arms. Skvaruk had to be content with the silver. Vasilii Sidorenko of Russia took the bronze with a throw of 80.76 meters.

Stars continued to fall in the heats of other events. The Olympic champions Derrick Adkins and Svetlana Masterkova both failed to make their finals. Adkins, the 400-meter hurdles champion from the United States, finished only fifth in his semifinal.

Adkins was well placed in second behind Ruslan Mashchenko of Russia but slowed suddenly and was passed by three more runners.

Samuel Matete, the 1991 world titleist from Zambia, just made it into the final by .01, but Bryan Bronson, holder of the four best times of the year, is still considered the favorite to win the gold.

Masterkova, the Russian middle-distance runner who took gold in the 800 meters and 1,500 meters in the Atlanta Olympics, was taken off on a stretcher in the 1,500 meters semifinals.

After scraping through Saturday's heat in only fourth place, Masterkova was able to keep up with the leaders until the final lap on Sunday before falling out of contention and walking the last 40 meters to the finish line with an injured ankle.

Her injury all but ruled her out of running in the 800 meters.

Kelly Holmes of Britain, a favorite in the 1,500 meters, had dropped out in her first heat Saturday with an injured calf muscle. Holmes called it her personal curse, but it seemed to apply to the whole World Championships.

Half a dozen other world champions and world-record holders had lost on Saturday. Some succumbed in sweltering heat that surpassed 90 degrees Fahrenheit (33 degrees centigrade).

In the 10,000 meters, Derartu Tulu of Ethiopia, who in 1992 became the first black African woman to win an Olympic gold medal, failed to make it to the final, finishing a disappointing 11th in her heat.

Anna Biryukova of Russia, the 1993 women's world triple-jump champion and 1995 bronze medalist, ruptured a tendon in her right knee during qualifying and was carried off the track on a stretcher. Holmes, the world leader this year in the women's 1,500 meters and No. 2 in the 800 meters, was in tears after injuring her left calf during the first round of the 1,500.

Unexplained no-shows for their events included Hassiba Boulmerka of Algeria, the 1992 Olympic gold medalist in the women's 1,500 and the two-time world champion; Inessa Kravets of Ukraine, the 1996 Olympic champion, world record-holder and 1995 world champion in the women's triple jump, and Nigeria's Charity Opara, No. 3 in the world this year in the women's 400 meters.

The two-time world champion Andrei Abduvalyev of Uzbekistan could not get the hammer past the qualifying mark. The Olympic champion Randy Barnes of the United States didn't put the shot far enough to make the final.

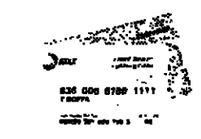
"I can't explain it," Barnes said. "I don't know what happened."

Aleksandr Bagach of Ukraine won the men's shot put at 21.47 meters. Bagach's victory spoiled John Godina's chance of becoming the first wild-card winner in the first final. Godina, the 1995 world champion, failed to make the U.S. team this year, but was given a free pass into the championships by the sport's world governing body.

He finished second at 21.44 meters but found little consolation in his silver medal. "I messed up," he said. "There is no way I should have lost today. Even though my entry into the shot was a gift. I came here to do a job and I couldn't." *(Reuters, AP)*



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